



Daily Report

East Asia

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30 June 1994

Daily Report

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Japan

Tokyo Not To Send Trade Minister to U.S.

OW3006125594 Tokyo KYODO in English 1224 GMT
30 Jun 94

["News Focus" by Keiji Urakami: "Japan's New Government Casts Shadow Over Fate of Trade"]

[Text] Tokyo, June 30 KYODO—The surprise choice of socialist Tomiichi Murayama as Japan's new prime minister is likely to splash cold water on the country's efforts on the trade and economic front, including ongoing talks with Washington to establish a new trade framework.

The alliance between the Liberal Democratic Party (LDP) and its longtime foe, the Social Democratic Party (SDP), was formed at a time when Japan and the United States were toiling away in an attempt to wrap up trade framework negotiations before the Naples summit of the Group of Seven (G-7) leading industrial countries on July 8-10.

The least imaginable LDP-SDP combination, with policy stances sharply conflicting over key issues, sparked a barrage of anxiety at home and abroad.

"A lack of political leadership has to have some effect. We have to be realistic on what can be achieved in these (framework) talks," U.S. Trade Representative Mickey Kantor said in a radio show in an initial reaction to the news of the selection of Japan's first socialist prime minister in 47 years.

Noting Murayama is the third premier since the turn of this year, Kantor said, "obviously, you have to be somewhat concerned" with the frequent power shifts.

Murayama, a left-wing politician backed by labor unions, has no administrative experience both at regional and national levels.

He also lacks political experience on the international stage, raising concerns over whether he can rightly voice Japan's stance at the coming Naples summit.

"What? Mr. Murayama?" Said a senior Japanese Foreign Ministry official who did not conceal his surprise over the choice.

Another Foreign Ministry official said Murayama "is hardly known on the international political scene and does not have any experience in diplomacy."

In Naples, Tokyo is likely to be pressed to take strong action to expand domestic demand and open its market, as part of global efforts to spur job creation, the summit's top economic topic.

"There are many things requested (of Japan), such as tax reduction and deregulation," Murayama said shortly after being named premier Wednesday.

"I want to study such items sufficiently to cooperate internationally," he said.

The business community also unveiled disillusionment at the choice of Murayama, perceiving it as a major setback to the ongoing political and economic reforms.

Business leaders think the new government will not last long because the political arena could be plunged into another turmoil any time, given the nature of the LDP-SDP alliance, which is often likened to a relationship between water and oil.

The leaders fear continued political instability is likely to exert further upward pressure on the yen, chilling a fragile economic recovery.

At present, subcabinet-level talks are under way in Washington to find a mutually acceptable framework on U.S. access to Japan's auto and auto parts market.

Auto trade talks are regarded as the most difficult area among the three priority sectors under negotiation.

Japan, under the previous cabinet of Prime Minister Tsutomu Hata, repeatedly pledged Tokyo will maximize its efforts to settle the three framework areas before a meeting of both countries' leaders, which will be held in Naples along with the G-7 summit.

Citing a sudden change in the government, a senior Japanese trade ministry official said Thursday the ministry will drop a plan to send the trade minister to Washington before the Naples summit to pave the way for smooth trade talks at the Japan-U.S. summit.

A government source said Wednesday a settlement on framework talks is likely to be postponed amid the latest confusion.

Meanwhile, Washington will likely avoid taking punitive steps against Japan even if no accord is struck on Japanese procurement of telecommunications and medical equipment by the end of June, according to a major Japanese economic daily.

The U.S. is to judge Japanese trade practices on government procurement by the end of this month, based on the Title VII of the 1988 Omnibus Trade and Competitiveness Act.

White House officials are concerned a tough U.S. stance at present could further drive down the dollar against the yen, the daily said.

Socialist Murayama's premiership is also expected to cloud prospects for an early ratification of accords concluded under the Uruguay Round of multilateral trade negotiations, including opening of the rice market.

The SDP is basically opposed to accepting farm trade accords under the Uruguay Round. But it swallowed an acceptance request when the party joined a coalition government under former Prime Minister Morihiro Hosokawa last year.

"It is possible that the issue will be renewed under the new alliance," a government official said.

Murayama Confident on Success in Trade Talks

OW3006142194 Tokyo KYODO in English 1355 GMT 30 Jun 94

[Text] Tokyo, June 30 KYODO—Prime Minister Tomiichi Murayama expressed confidence Thursday [30 June] that the ongoing Japan-U.S. Trade talks will be brought to a successful conclusion.

"The talks ended in failure in February, but negotiations are being conducted actively in the three priority areas," the premier said in an interview at his official residence.

"I believe a stalemate will definitely be broken," he said.

The three areas covered under a bilateral accord to set up a new economic trade framework are Japanese Government procurement of medical and telecommunications equipment, trade in autos and auto parts and the Japanese insurance market.

At a planned meeting with U.S. President Bill Clinton before the summit of the Group of Seven industrialized nations set for July 8-10 in Naples, Italy, Murayama said he wants to make efforts to strike a deal through vigorous negotiations.

Murayama, chairman of the Social Democratic Party (SDP), formed his coalition cabinet on Thursday, becoming Japan's first socialist premier in nearly half a century.

More on Murayama's Confidence

OW3006151894 Tokyo KYODO in English 1458 GMT 30 Jun 94

[Text] Tokyo, June 30 KYODO—New Prime Minister Tomiichi Murayama inaugurated his coalition cabinet on Thursday [30 June] with the once-dominant Liberal Democratic Party (LDP) holding the key foreign, trade and defense portfolios.

Murayama, Japan's first socialist prime minister in 47 years and the fourth prime minister in a year, expressed confidence that the ongoing Japan-U.S. Trade talks will be brought to a successful conclusion.

"The talks ended in failure in February, but negotiations are being conducted actively in the three priority areas," the premier said in an interview at his official residence after attending attestation ceremonies for him and his 20 cabinet ministers at the Imperial Palace.

"I believe the stalemate will definitely be broken," he said.

At a planned meeting with U.S. President Bill Clinton before the summit of the Group of Seven industrialized

nations set for July 8-10 in Naples, Italy, Murayama said he wants to make efforts to strike a deal through vigorous negotiations.

Japanese business leaders have expressed dismay over the inauguration of the three-party coalition government.

Takeshi Nagano, president of the Federation of Employers Associations (Nikkeiren), said the coalition partners appear to have basic policy differences. He said the differences raise concerns about political stability, proposed political reforms and other issues.

The 70-year-old Murayama, chairman of the Social Democratic Party (SDP) [of Japan—SDPJ], was selected as prime minister on Wednesday backed by his SDP and its long-time rival LDP, plus New Party Sakigake [Harbinger], succeeding Tsutomu Hata who resigned on Saturday along with his minority coalition cabinet after only two months of service.

Of the 20 ministers in Murayama's cabinet, 13 went to the LDP, clawing its way back to power after 11 months in the opposition camp, five to the SDP and two to Sakigake.

In announcing the cabinet roster, chief cabinet secretary Kozo Igarashi, former construction minister in the coalition government led by Morihiro Hosokawa, said, "What is expected of this cabinet is stability."

"I think this lineup will fulfill that purpose," said Igarashi, who plays the role of coordinator between the government and the ruling parties, as well as chief government spokesman.

The heads of all the three parties forming the coalition took cabinet posts.

Murayama, the SDP chief, named LDP President Yohei Kono as deputy prime minister and foreign minister.

Kono, 57, served as chief cabinet secretary in the LDP government of Prime Minister Kiichi Miyazawa until last August, when Hosokawa's seven-party coalition knocked the LDP out of power for the first time in nearly four decades.

Saying Japan should play a role in bringing about world peace, Kono proclaimed the need for the nation to help encourage North Korea to allay international concerns about its alleged push for nuclear weapons.

"I hope for the peaceful resolution of the issue through dialogue," he said at a news conference preceded by the cabinet lineup announcement.

Sakigake leader Masayoshi Takemura, 59, a former chief cabinet secretary in the Hosokawa administration, assumed the post of finance minister.

He said he will do his best to carry out a comprehensive tax system reform while streamlining administrative structures.

Murayama named Makiko Tanaka, daughter of the late former Prime Minister Kakuei Tanaka, as director general of the Science and Technology Agency. Tanaka is the only woman in the cabinet.

Murayama did not appoint any nonpoliticians to his cabinet.

Ryutaro Hashimoto, chairman of the LDP's policy affairs research council, was given the post of international trade and industry minister, the sixth cabinet post for the veteran legislator.

Hashimoto, known for his expertise in various policy matters, served as health and welfare minister, transport minister and finance minister for three terms in LDP governments.

Murayama also named Isao Maeda, Kaoru Yosano, Taichiro Okawara, Shizuka Kamei as justice, education, farm and transport ministers, respectively.

While Hiromu Nonaka assumed the post of home affairs minister, Sadatoshi Ozato will serve as head of the Hokkaido Development Agency and Okinawa Development Agency.

The premier appointed other LDP lawmakers—Masahiko Komura, Shin Sakurai and Kiyoshi Ozawa—to head the Economic Planning Agency, Environment Agency and National Land Agency, respectively.

As for the SDP, Tsuruo Yamaguchi, former party secretary general, was given the post of director general of the Management and Coordination Agency.

Koken Nosaka, chairman of the SDP's Diet Affairs Committee, was appointed construction minister.

Shun Oide, a vice SDP chairman, became minister of posts and telecommunications and Manso Hamamoto was named labor minister.

Murayama allotted the post of health and welfare minister to Shoichi Ide of Sakigake.

Hiroyuki Sonoda, secretary general of Sakigake, was chosen as deputy chief cabinet secretary for political affairs.

Nobuo Ishihara will continue to serve as deputy chief cabinet secretary in charge of coordination with vice ministers of the government ministries and agencies.

Reports on Newly Inaugrated Murayama Cabinet

Roster of New Cabinet

OW3006072294 Tokyo KYODO in English 0648 GMT
30 Jun 94

[Text] Tokyo, June 30 KYODO—Following is the roster of a new cabinet, formed Thursday [30 June] by a coalition of three parties.

(POSITION)	(NAME)	(AGE)	(PARTY)
Prime Minister	Tomiichi Murayama	70	SDP
Deputy Prime Minister,	Yohei Kono	57	LDP
Foreign Minister	"		
Finance Minister	Masayoshi Takemura	59	Sakigake
MITI Minister	Ryutaro Hashimoto	56	LDP
Justice Minister	Isao Maeda	51	LDP
Construction Minister	Koken Nosaka	69	SDP
Transport Minister	Shizuka Kamei	57	LDP
Posts and Telecommunications Minister	Shun Oide	72	SDP
Labor Minister	Manso Hamamoto	73	SDP
Education Minister	Kaoru Yosano	55	LDP
Agriculture Minister	Taichiro Okawara	72	LDP
Health and Welfare Minister	Shoichi Ide	55	Sakigake
Home Affairs Minister	Hiromu Nonaka	68	LDP
State Minister			
Environment Agency Director General	Shin Sakurai	61	LDP
Chief Cabinet Secretary	Kozo Igarashi	68	SDP
Director General, Management and Coordination Agency	Tsuruo Yamaguchi	68	SDP
Director General, Defense Agency	Tokuichiro Tamazawa	56	LDP
Director General, Science and Technology Agency	Makiko Makiko	50	LDP
Director General, Economic Planning Agency	Masahiko Komura	52	LDP
Director General, Hokkaido and Okinawa Development Agencies	Sadatoshi Ozato	63	LDP
Director General, National Land Agency	Kiyoshi Ozawa	66	LDP

NOTE: LDP stands for the Liberal Democratic Party, SDP for the Social Democratic Party, and Sakigake for the new party Sakigake.

LDP Taking Key Posts

OW3006120794 Tokyo KYODO in English 1146 GMT
30 Jun 94

[Text] Tokyo, June 30 KYODO—Prime Minister Tomiichi Murayama formed his coalition cabinet on Thursday [30 June] with the once-dominant Liberal Democratic Party (LDP) holding the key foreign, trade and defense portfolios.

Murayama, chairman of the Social Democratic Party (SDP), succeeded Tsutomu Hata, who resigned Saturday along with his minority cabinet after only two months of service.

The 70-year-old Murayama was elected Japan's 52nd premier in a Diet election Wednesday, backed by his SDP and its long-time foe LDP, plus new party Sakigake [Harbinger]—the three forces that launched a fresh coalition government.

Murayama is the first SDP prime minister in 47 years and Japan's fourth prime minister in a year.

Of the 21 cabinet posts in the administration led by Murayama, 13 went to the LDP, a party that wrested back power after 11 months in the opposition bleachers, five to the SDP and two to Sakigake.

In announcing the cabinet roster, Chief Cabinet Secretary Kozo Igarashi, former construction minister under the coalition government led by Morihiro Hosokawa, said, "what is expected of this cabinet is stability and to make a powerful cabinet."

"I think this lineup meets such a purpose," said Igarashi, who plays the role of a coordinator between the government and the ruling parties, as well as the chief government spokesman.

The heads of all the three parties forming the coalition took cabinet posts.

Murayama, the SDP chief, named LDP President Yohei Kono as deputy prime minister and foreign minister.

Kono, 57, served as chief cabinet secretary under the LDP's one-party government of Prime Minister Kiichi Miyazawa until last August, when Hosokawa's seven-party coalition knocked the LDP out of power for the first time in nearly four decades.

Saying Japan should play a role in bringing about world peace, Kono proclaimed the need for the nation to help encourage North Korea to allay international concerns about Pyongyang's alleged push for nuclear weapons.

"I hope for the peaceful resolution of the issue through dialogue," he said at a news conference preceded by the cabinet lineup announcement.

Sakigake leader Masayoshi Takemura, 59, a former chief cabinet secretary under the Hosokawa administration, assumed the post of finance minister.

He said he will do his best to carry out comprehensive tax system reform while streamlining administrative structures.

In accordance with the Constitution, Emperor Akihito is to appoint Murayama as prime minister as designated by the Diet and attest the appointment of the cabinet ministers at the Imperial Court on Thursday night.

Murayama named Makiko Tanaka, daughter of the late prime minister Kakuei Tanaka, as director general of the Science and Technology Agency. Tanaka is the only woman in the cabinet.

He did not appoint any non-politicians to his cabinet.

Ryutaro Hashimoto, chairman of the LDP's Policy Affairs Research Council, was given the post of international trade and industry minister, the sixth cabinet ministerial post for the veteran legislator.

Hashimoto, known for his expertise in various policy matters, served as health and welfare minister, transport minister and finance minister for three terms under the LDP's rule.

Murayama also named Isao Maeda, Kaoru Yosano, Taichiro Okawara, Shizuka Kamei as justice, education, farm and transport ministers, respectively.

While Hiromu Nonaka assumed the post of home affairs minister, Sadatoshi Ozato will serve as head of the Hokkaido Development Agency and Okinawa Development Agency.

The premier appointed other LDP lawmakers—Masahiko Komura, Shin Sakurai and Kiyoshi Ozawa—to head up the Economic Planning Agency, the Environment Agency and the National Land Agency, respectively.

As for the SDP, former Secretary General Tsuruo Yamaguchi was given the post of director general of the Management and Coordination Agency.

Koken Nosaka, chairman of the SDP's Diet Affairs Committee, was appointed construction minister.

Shun Oide, a vice SDP chairman, won the post of minister of posts and telecommunications and Manso Hamamoto was named labor minister.

Murayama allotted the post of health and welfare minister to Shoichi Ide of Sakigake.

Hiroyuki Sonoda, secretary general of Sakigake, was chosen as deputy chief cabinet secretary for political affairs.

Nobuo Ishihara will continue to serve as deputy chief cabinet secretary in charge of coordination with vice ministers of the government ministries and agencies.

LDP's Foreign, Trade, Defense Posts

*OW3006085094 Tokyo KYODO in English 0821 GMT
30 Jun 94*

[Text] Tokyo, June 30 KYODO—Newly elected Prime Minister Tomiichi Murayama formed his 21-member cabinet Thursday [30 June] with Liberal Democratic Party (LDP) members getting the key foreign, trade and defense portfolios.

Murayama, 70, chairman of the Social Democratic Party (SDP), appointed LDP President Yohei Kono as deputy prime minister and foreign minister.

Kono, 57, who played an instrumental role in establishing the Murayama administration, served as chief cabinet secretary in the LDP government of Kiichi Miyazawa until it was ousted from power by a reformist coalition led by Morihiro Hosokawa last summer to end 38 years of unbroken LDP rule.

Ryutaro Hashimoto, chairman of the LDP's policy affairs research council, was named minister of international trade and industry, his sixth cabinet post.

Hashimoto, 56, also served as health and welfare minister, transport minister and finance minister for three terms in LDP governments.

Masayoshi Takemura, leader of new party Sakigake, the smallest partner in the three-party ruling coalition, assumed the post of finance minister. Takemura, 59, was chief cabinet secretary in the Hosokawa coalition government.

Murayama, Japan's first socialist head of government in 47 years, appointed his ministers a day after his surprise victory in a House of Representatives election for the premiership, beating reformist and former Prime Minister Toshiki Kaifu who left the LDP hours before the voting.

The LDP was given 13 posts, the SDP five and Sakigake two. Murayama did not name any nonpoliticians to his cabinet. Both the SDP and Sakigake were partners in the Hosokawa coalition.

Makiko Tanaka, daughter of the late Prime Minister Kakuei Tanaka, became the only female cabinet minister under the Murayama government, assuming the post of director general of the Science and Technology Agency.

The cabinet roster was read by new Chief Cabinet Secretary Kozo Igarashi of the SDP, former construction minister in the Hosokawa government.

The cabinet will be sworn in at a palace ceremony attended by Emperor Akihito from 7:30 p.m. and the ministers will hold their first cabinet meeting from around 10:10 p.m., Igarashi said.

The unprecedented alliance between the SDP and the LDP, bitter foes during the Cold War era, followed last week's resignation of a seven-party minority government led by Tsutomu Hata.

The Hata cabinet chose to disband rather than lose a nonconfidence vote and battled in vain to lure the SDP back into the fold due to tax reform and some other key policy differences.

Other LDP members assuming ministerial posts in the new Murayama cabinet were Isao Maeda as justice minister, Kaoru Yosano as education minister, Taichiro Okawara as minister of agriculture, forestry and fisheries, and Shizuka Kamei as transport minister.

Hiromu Nonaka assumed the post of home affairs minister while Sadatoshi Ozato will concurrently serve as head of the Hokkaido Development Agency and Okinawa Development Agency.

Masahiko Komura was named to head the Economic Planning Agency, Shin Sakurai the Environment Agency, and Kiyoshi Ozawa the National Land Agency.

From the SDP, Tsuruo Yamaguchi, chairman of the lower house budget committee, was named as head of the Management and Coordination Agency, while Koken Nosaka, who heads the party's Diet Administration Committee, was appointed construction minister.

Shun Oide won the post of minister of posts and telecommunications and Manso Hamamoto became labor minister.

Shoichi Ide of Sakigake was appointed minister of health and welfare.

Hiroyuki Sonoda, secretary general of Sakigake, was chosen as parliamentary deputy chief cabinet secretary.

Nobuo Ishihara will continue to serve as deputy chief cabinet secretary in charge of coordination with vice ministers of the government agencies.

Profiles of New Cabinet Members Reported

Prime Minister Kono

*OW3006075294 Tokyo KYODO in English 0706 GMT
30 Jun 94*

[Text] Tokyo, June 30 KYODO—Newly appointed Deputy Prime Minister and Foreign Minister Yohei Kono is the Liberal Democratic Party (LDP) head widely known as a soft-liner who loves Japan's pacifist Constitution.

Kono, 57, became LDP president last July, after the party lost a general election to a multiparty coalition, ending 38 years of LDP rule in Japan.

Since then, Kono has been trying to win back support for the LDP by attempting to improve its image, tarnished by a string of bribery and mob scandals.

Kono is noted for his ability to read voter sentiment.

In 1976, during the Lockheed payoff scandal, Kono left the LDP and formed his own New Liberal Club.

He also orchestrated the new alliance with the Social Democratic Party and threw his support behind Japan's first socialist prime minister in 47 years, Tomiichi Murayama.

But some LDP members haven't forgiven Kono for defecting from the party in 1976.

Others still criticize his decision to abstain from a Diet session in the late 1980s, in which the LDP introduced the unpopular consumption tax.

Kono comes from a political family. His father Ichiro Kono, was an agriculture minister in the mid-1960s under the LDP administration of Prime Minister Hayato Ikeda.

Chief Cabinet Secretary Igarashi

*OW3006083794 Tokyo KYODO in English 0801 GMT
30 Jun 94*

[Text] Tokyo, June 30 KYODO—Kozo Igarashi, former construction minister under the coalition administration of former Prime Minister Morihiro Hosokawa, has been appointed new chief cabinet secretary under Prime Minister Tomiichi Murayama.

The 68-year-old Igarashi, a member of the Social Democratic Party, contributed to improving the tender system for construction projects, one of the main stumbling blocks in U.S.-Japan trade negotiations.

He was also behind a move to promote a general overhaul of the construction industry.

Igarashi initially opposed construction of the Nagara River Dam, a controversial project south of Nagoya costing billions of yen. The government says the dam will protect residents from flooding, but conservationists call it unnecessary and damaging to the environment.

But by ordering an environmental assessment into damage from salinity in the lower reaches of the river, he allowed the project to proceed.

Igarashi honed his administrative abilities as mayor of Asahikawa, in central Hokkaido, for three terms over 11 and a half years.

He is serving his fifth term in the House of Representatives.

MITI Minister Hashimoto

*OW3006083694 Tokyo KYODO in English 0759 GMT
30 Jun 94*

[Text] Tokyo, June 30 KYODO—New International Trade and Industry [MITI] Minister Ryutaro Hashimoto is known as a talented communicator and logical thinker, which have helped him gain strong public support across the nation.

Due to his proven ability to coordinate and implement key policies, Hashimoto, 56, chairman of the Liberal Democratic Party's Policy Affairs Research Council, is often said to have what it takes to become prime minister.

Hashimoto has been awarded key cabinet posts, including transport minister in 1986 and finance minister in 1989.

He also served as secretary general of the LDP when it was the ruling party in 1989.

During last summer's House of Representatives election campaign, Hashimoto attempted to save the LDP's 38-year rule over Japan by participating in a nationwide tour with other key LDP members.

Hashimoto was born in 1937 as the eldest son of former Health and Welfare Minister Ryugo Hashimoto.

He graduated from Keio University.

When his father's died in 1963, Hashimoto ran for the vacated seat and was elected to the powerful lower house at the age of 26.

He has been reelected by the Okayama constituency to the lower house 11 times.

Hashimoto is fond of kendo, judo, mountain climbing and riding. He once led a team to climb Mt. Everest.

Posts Minister Oide

*OW3006090894 Tokyo KYODO in English 0848 GMT
30 Jun 94*

[Text] Tokyo, June 30 KYODO—Posts and Telecommunications Minister Shun Oide, nicknamed "the blocker" for his tough and methodical questioning, has been known to bring House of Representatives Budget Committee meetings to a halt.

A veteran member of the Social Democratic Party, the 72-year-old oil-painting enthusiast was one of the central figures involved in convincing Social Democratic Party chief Tomiichi Murayama to become Japan's new prime minister.

He is known in Diet circles for his expertise on defense affairs, having worked to harmonize positions with the SDP on the issue of revising the Self-Defense Forces

[SDF] Law to make it possible for SDF aircraft to evacuate Japanese civilians abroad in times of disaster or crisis.

Coming from a party traditionally cool to military spending, Oide surprised many observers when he endorsed the government's move to procure AWACS [airborne warning and control system] early-warning, weapons-control aircraft.

Elected to office 11 times from his native Kanagawa Prefecture, Oide has been a fixture on the Japanese political scene in his trademark pin-stripe suits.

EPA Director General Komura

*OW3006085594 Tokyo KYODO in English 0838 GMT
30 Jun 94*

[Text] Tokyo, June 30 KYODO—A 52-year-old kung-fu fighter, Masahiko Komura, will direct Japan's economic planning as the country struggles to crawl out of recession and the yen continues to renew its record highs against the dollar.

The new head of the Economic Planning Agency (EPA), from the Liberal Democratic Party (LDP), is a former parliamentary vice minister of the Defense Agency and has headed the party's national defense division, spending much of his political career in that field.

Passing the bar exam soon after graduating from Chuo University in Tokyo, he became a lawyer in 1968.

His father, Sakahiko Komura, was also a member of the House of Representatives.

Elected five times from Yamaguchi Prefecture, eastern Japan, Komura is the father of three. He was first elected as a lower house member in 1980.

Komura was a kung-fu fighter at Chuo and became a coach after graduation.

Agriculture Minister Okawara

*OW3006091894 Tokyo KYODO in English 0835 GMT
30 Jun 94*

[Text] Tokyo, June 30 KYODO—Former Vice Farm Minister Taichiro Okawara has returned to his old haunts at the Ministry of Agriculture, Forestry and Fisheries, but this time as the chief.

Farm policy expert, Okawara, 72, from the Liberal Democratic Party (LDP), has been elected a member of the House of Councillors from Gunma Prefecture three times, first in 1980.

He has also served as deputy chief of the party's Research Commission on Comprehensive Agriculture and vice chairman of the LDP Diet Affairs Committee.

A graduate of Tokyo University, Okawara headed the Food Agency before becoming vice minister of the farm ministry.

MCA Director General Yamaguchi

*OW3006091094 Tokyo KYODO in English 0833 GMT
30 Jun 94*

[Text] Tokyo, June 30 KYODO—Tsuruo Yamaguchi, 68, named director general of the Management and Coordination Agency [MCA] on Thursday [30 June], emerged as a media figure during Diet questioning of aides of former Prime Minister Morihiro Hosokawa over his questionable financial dealings.

A stalwart of the Social Democratic Party [SDP], Yamaguchi routinely confronted the Liberal Democratic Party [LDP] over its policies during its long grip on Japanese politics.

Yamaguchi, who has served as an executive on the House of Representatives Steering Committee and as head of the SDP's Diet Affairs Committee, was also chairman of the House Budget Committee during the SDP's brief romance with Hosokawa's ruling coalition.

Yamaguchi declared that after the passage of the budget, the SDP had a free hand to leave the government and tie up with its arch foe, the LDP.

A supporter of Chairman Tomiichi Murayama, Yamaguchi is believed to have served as a mediator with former SDP Chairwoman Takako Doi, who sought changes in the political reforms bill.

Yamaguchi has been elected from his Gunma constituency 11 times.

Home Affairs Minister Nonaka

*OW3006094694 Tokyo KYODO in English 0934 GMT
30 Jun 94*

[Text] Tokyo, June 30 KYODO—Newly appointed Home Affairs Minister Hiromu Nonaka was at the vanguard of the opposition attack against former Prime Minister Morihiro Hosokawa over his financial improprieties.

The 68-year-old Nonaka, a seasoned opposition member of the Kyoto Prefectural Assembly, appeared to relish his role when he grilled cabinet members under former Prime Minister Tsutomu Hata during the Diet session that ended Wednesday.

A Liberal Democratic Party (LDP) lawmaker in his fifth term for the House of Representatives, Nonaka is a specialist in postal and construction administration.

Nonaka had been a close aide to the disgraced LDP kingpin Shin Kanemaru, who is under trial on charge of tax evasion, but was also a principal antagonist of Kanemaru protege Ichiro Ozawa, a top strategist behind Hata's coalition.

The cabinet post is Nonaka's first.

HODA Director General Ozato

*OW3006090994 Tokyo KYODO in English 0829 GMT
30 Jun 94*

[Text] Tokyo, June 30 KYODO—The new director general of the Hokkaido Development Agency and the Okinawa Development Agency [HODA] under the administration of new Prime Minister Tomiichi Murayama is Sadatoshi Ozato, 63.

As chairman of the Liberal Democratic Party's Diet Affairs Committee, Ozato has been a strident critic of the former coalition government.

Born in a small town in Kagoshima Prefecture in Kyushu in 1930, Ozato served six terms in the prefectural assembly from the relatively low age of 28.

During that time, he became the youngest head of a local government assembly ever in Japan, before entering state politics in 1979.

He then served as parliamentary vice minister in the Transport Ministry and headed the lower house committee on transport.

It will be the second time Ozato has held a cabinet post since he also served as labor minister in the second cabinet of former Prime Minister Toshiki Kaifu, 11 years after entering the Diet.

Ozato is a martial arts exponent, holding the "sandan" [third-degree] rank in judo and kendo.

He is in his sixth term in the House of Representatives.

Land Agency Director General Ozawa

*OW3006100994 Tokyo KYODO in English 1000 GMT
30 Jun 94*

[Text] Tokyo, June 30 KYODO—Newly appointed National Land Agency Director General Kiyoshi Ozawa has accumulated expertise in local autonomy and environmental issues while serving as a member of the House of Representatives from the Liberal Democratic Party (LDP).

Ozawa, 66, has climbed up the political ladder step by step since graduating from high school.

Starting as a member of a city assembly, he moved on to serve three terms at the Tokyo Metropolitan Assembly before finally making his debut in the national political arena when he was elected to the lower house in 1979.

An old hand in policymaking, the pot-bellied Ozawa is a popular and trusted figure among his colleagues.

He boasts "yodan" ranking in kendo, and enjoys sculpting as a hobby.

EA Director General Sakurai

*OW3006090794 Tokyo KYODO in English 0841 GMT
30 Jun 94*

[Text] Tokyo, June 30 KYODO—Shin Sakurai, who took up his first ministerial job as director general of the Environment Agency [EA], is known as a seasoned negotiator for the powerful farm lobby.

After serving as a member of Niigata Prefectural Assembly, Sakurai was first elected to the House of Representatives in 1980 from the Niigata No. 3 Constituency, a bastion of the late former Prime Minister Kakuei Tanaka.

As a deputy secretary general of the Liberal Democratic Party (LDP), 61-year-old Sakurai has often been described by the LDP leadership as a stalwart.

Sakurai has been associated with doves in the Social Democratic Party (SDP) and had a role in the LDP's alliance with the SDP in forming a new coalition government.

Labor Minister Hamamoto

*OW3006084794 Tokyo KYODO in English 0827 GMT
30 Jun 94*

[Text] Tokyo, June 30 KYODO—Manso Hamamoto became the labor minister after working for many years on social and labor issues.

He has campaigned for support for the victims of the atomic bombing in his home constituency of Hiroshima.

At 73, he has demonstrated his abilities as head of the Social Democratic Party's Diet Affairs Committee and the head of party lawmakers in the House of Councillors.

When Social Democratic Party legislators refused to vote on a political reforms bill, which subsequently failed to pass in the upper house, Hamamoto offered to resign to assume responsibility for his party. He was convinced to stay on, but said, "I will never forget the events of that day."

Hamamoto has many acquaintances in both the financial and bureaucratic communities.

He is the head of a cooperative in his neighborhood.

He has been elected by Hiroshima constituents three times.

Health and Welfare Minister Ide

*OW3006082294 Tokyo KYODO in English 0806 GMT
30 Jun 94*

[Text] Tokyo, June 30 KYODO—New Health and Welfare Minister Shoichi Ide, a new party Sakigake [Harbinger] legislator, was a participant in a leftist student movement against the Japan-U.S. Security Treaty in the 1960s.

Son of former Chief Cabinet Secretary Ichitaro Ide in the administration of former Prime Minister Takeo Miki, Ide was influenced by the writings of former Chinese strongman Mao Zedong and took part in a besiege on the Diet building.

After over 20 years in the family sake brewing business, he kicked off his career as a House of Representatives legislator, following in the footsteps of his retiring father.

A graduate of Keio University, Ide, 55, is renowned as the No. 1 bookworm in the Japanese political community.

He still cherishes a lesson from his father, who said a politician must be extremely scrupulous about his ethics and even hit his own head with a stone if he acts in such a way to draw even the slightest public suspicions about his ethics.

Justice Minister Maeda

*OW3006084194 Tokyo KYODO in English 0802 GMT
30 Jun 94*

[Text] Tokyo, June 30 KYODO—New Justice Minister Isao Maeda, a House of Councillors legislator, is a former businessman and semiprofessional photographer.

The eldest son of a former director general of the science and technology agency, Maeda, 51, spent eight years working for Hitachi Ltd. before plunging into politics.

As a Liberal Democratic Party legislator, he has been cultivating his Diet career by specializing in small-business issues.

Maeda is a member of a group of legislators who love movies and he is considered a karaoke aficionado, often seen crooning into the microphone at snack bars.

Cabinet Members' Statements at News Conference

Takemura Meets Reporters

*OW3006083294 Tokyo KYODO in English 0814 GMT
30 Jun 94*

[Text] Tokyo, June 30 KYODO—Newly appointed Finance Minister Masayoshi Takemura vowed Thursday [30 June] to pursue currency-stability actions and multiyear income tax cuts while ruling out an immediate tax hike.

"Amid the continuing rapid rise of the yen, I will work for international cooperation with great interest in currency stability," Takemura told a press conference after being designated the finance minister of the coalition cabinet of Prime Minister Tomiichi Murayama.

Without offering any specific actions, Takemura said currency rates should reflect "economic fundamentals" of nations.

On the domestic front, Takemura said he will pin "efforts to put the economy on a full-fledged recovery path in the current fiscal year.

On the issue of tax reform, Takemura did not comment on when bills would be drafted or enacted, but stressed that multiyear income tax cuts are "necessary" particularly to ease heavy burdens in the middle-income bracket under the current system.

But he rejected a plan to immediately link the tax cuts with a consumption tax hike, saying discussions over financial sources should come after the government conducts "its own concrete programs to cut waste, like corporate restructuring, and also to rectify unfair tax systems."

A plan to hike the 3 percent consumption tax to 7 percent in three years after implementing 6 trillion yen worth of tax cuts was scrapped within a few days of its announcement in February by then Prime Minister Morihiro Hosokawa.

Tough negotiations are, therefore, expected with ministry bureaucrats who have been pushing for a similar tax reform plan.

Anticipating consequent delays in economic and trade measures promised to the United States, the market stepped up dollar-selling against the yen overnight in New York, sending the U.S. currency lower to hit another global low of 98.55 yen.

Japan promised in its March market-opening measures to detail tax reforms, including 5.5 trillion yen in income tax cuts, by the end of this month to be enacted into law by the year-end.

Takemura at TV News Conference

*OW3006132794 Tokyo NHK General Television
Network in Japanese 0631 GMT 30 June 94*

[News conference by new cabinet members with unidentified domestic correspondents at the prime minister's official residence in Tokyo; statement and question-and-answer session by Finance Minister Masayoshi Takemura—live]

[Text] [Unidentified dean of the press corps] Next, Finance Minister Takemura, please.

[Takemura] I am Masayoshi Takemura. I was just appointed finance minister. After an absence of two months, I am returning to the government. Although I do not have enough ability, I will devote myself to the tasks given to me. The Finance Ministry is a government office which handles the financing and taxation affairs of our nation. I think that tax reform is the immediate task to be carried out and that it is a matter of great concern to the people. In addition, there are other financial issues such as streamlining and reforming government spending. We also have to deal with the issue of how to continue sustaining the economic growth of our nation

in the overall efforts to boost the economy. Now that we are facing a sharp appreciation of the yen, we have to pay full attention to stabilizing the currency market. In the face of the upcoming [G-7] summit meeting, we are also faced with the issue of how to promote international cooperation in dealing with global economic affairs. Given such a situation, I am determined to devotedly come to grips with these issues.

[Reporter] As for budgetary measures for coping with the agreement resulting from the Uruguay Round of talks, there is a view which calls for working out budgetary measures beyond the framework of the ceiling. What is your opinion on this?

[Takemura] I am not ready to answer this question. I am sorry.

[Reporter] How will you deal with the issue of the yen's appreciation?

[Takemura] That is a matter of exchange rates, and I am fully aware of the situation wherein the value of the yen is increasing sharply. Exchange rates should reflect the economic fundamentals of each nation, and with this in mind, I will work for international cooperation in dealing with this issue. In addition, I want to devote myself to the government's efforts to put the economy on a full-fledged path of recovery in the current fiscal year.

[Reporter] I would like to ask questions about policy differences between the ruling parties. Do you think that an increase in the consumption tax is necessary? If so, what do you think is a desirable time for this? On the issue of peacekeeping operations [PKO], do you think that participation in PKO is necessary or not? Please answer these two questions.

[Takemura] On the issue of tax reform, political discussions have been started on carrying out tax reform. In particular, indirect taxes concern the burdens on all the people ranging from children to elderly people. With this in mind, I think—although a proposal by the tax reform council has already been submitted—that we have to make efforts to bring tax reform to a conclusion after carrying out nationwide, thorough discussions.

As for income taxes, frankly speaking, I am of the opinion that, as has been pointed out, it is necessary to cut taxes for taxpayers centering around the middle class. As for sources of revenue to make up for the losses resulting from the tax cuts, I think it is necessary to check whether current government spending is partially wasted and to study whether the spending could be trimmed, rather than increasing taxes immediately after tax cuts. In taking such steps, it is important, as in corporate restructuring, to take concrete administrative reform measures. Of course, it is necessary to make further, serious efforts to rectify an unfair tax system. With such a basic position, in order to support the upcoming aging society while meeting the people's expectations, I think it

is necessary to calculate the required amounts of revenue, which will trigger discussions on tax reform centered around the consumption tax. In reconsidering a previous government's attempts to introduce a national welfare tax, I want to errorlessly tackle the issue of tax cuts and also to increase the overall reform of the tax system.

[Reporter] Do you not think that the Murayama government will be criticized for being opportunists and an anti-Ozawa government?

[Takemura] No, the government has no anti-Ozawa slogan. I do not think that the government is a cabinet of opportunists. Fifty years after the end of the war, the political world is changing rapidly in the name of a realignment of political parties. In view of this, I think that the government was born amid such a situation wherein the old political order is collapsing and a new political order is appearing. In any case, I think that the ruling parties should solve policy differences and that the government, which is a coalition government, while recognizing that the era is changing drastically, has to be the one that seriously comes to grips with immediate political affairs and policy issues.

[Reporter] I would like to ask about a PKO issue. I think there are some differences in views between the ruling parties on this issue. What is your personal opinion?

[Takemura] As for UN PKO, I think that Japan should positively take part in the PKO activities based on a PKO-related law.

[Dean of the press corps] Thank you very much....

[Reporter, interrupting] Mr. Takemura, you have been stressing the need for Japan's international contributions in environmental protection. When you were chief cabinet secretary, you asked a council on global environmental protection in the 21st century, an advisory body to the prime minister, to study the possibility of introducing environmental taxes. Now you are the finance minister. What is your current position on this issue?

[Takemura] On this issue, there have so far been various suggestions and discussions. So far, I have personally made positive remarks in introducing environmental taxes. However, while maintaining such a position, I, from the standpoint of the finance minister, want to study this issue within the overall framework of tax reform.

[Dean of the press corps] Thank you very much. Labor Minister Hamamoto will speak next.

Foreign Minister Kono

OW3006105794 Tokyo NHK General Television
Network in Japanese 0620 GMT 30 Jun 94—FOR
OFFICIAL USE ONLY

[News conference by new cabinet members with domestic correspondents from the prime minister's official residence in Tokyo; statement and question and answer session by Yohei Kono, deputy prime minister and foreign minister—live]

[Text] I am Yohei Kono. I was just appointed as deputy prime minister and foreign minister. The prime minister told me that he hopes I will work hard after assuming the post under the present situation where Japan is saddled with a host of issues. I told him I would gladly accept the responsibilities. The international community is in an extremely volatile situation. In this period of change, I believe that Japan needs to play a larger international role in helping promote peace and prosperity in the world. I think that I will have to work to promote Japan's international cooperation, centering on relations with the United States, European nations, and Asia-Pacific nations, along with UN affairs. As you know, the Naples summit is upcoming. I think we will run into various situations where Japan will have to work hard to cooperate with other summit partners to make the summit a success. I also think that the Korean Peninsula issue is a matter of extreme concern for us. I believe that it is desirable to seek a solution to the issue of North Korea's suspected development of nuclear weapons in such a manner that the international community can completely clear up such suspicions. I intend to work for a settlement of the issue through dialogue, while closely consulting with other nations involved. In any case, I believe that while maintaining the continuity of its diplomacy, Japan needs to continue to make efforts in handling diplomatic affairs, and I intend to do my part to this end.

[Unidentified reporter] Mr. Minister, during the time of the former administration, Japan was asked to submit a statement of its opinion on the legality of the use of nuclear weapons. From this statement, the clause written by a bureaucrat that said that Japan does not consider this illegal was deleted as a result of strong objection by opposition parties. As a minister who has played an active role as a leader of the Diet Members' Federation on Disarmament, do you have any plans to have your political style reflected in future diplomatic policy? For example, what sort of matters do you intend to include in the core of your diplomatic policy—such as disarmament, international contributions based on a UN-oriented policy, permanent membership in the UN Security Council, or UN peacekeeping operations [PKO]?

[Kono] Just as I mentioned, continuity in Japan's diplomacy is extremely important. First of all, I believe it will be necessary to maintain a continuity of fundamental principles. However, when dealing with diplomatic affairs, I feel we are often required to make political

decisions. For my part, therefore, I feel I will be required to make political judgments and decisions from time to time at crucial moments.

[Unidentified reporter] Please tell us how you intend to deal with the issue of the Diet ratification of the GATT accords.

[Kono] The issue of ratifying the accords reached at the GATT's Uruguay Round of multilateral trade talks is a matter we have taken over from the former administration. I think that regarding this matter, too, we must carry on, while maintaining a continuity of fundamental principles, just as I have mentioned.

[Unidentified reporter] Mr. Minister, just a while ago Mr. Igarashi said that no one ever dreamed the Liberal Democratic Party [LDP] and the Social Democratic Party of Japan [SDPJ] would join in a coalition. How do you feel about this?

[Kono] Well, I think that with the collapse of the Cold War structure, the idea of liberals versus reformists has already begun to disappear rapidly. As for me, I have, from a while back, felt that the gap between liberals and reformists has narrowed considerably. Ever since last summer, when the last coalition government was formed, I felt that this division between liberals and reformists had already become almost meaningless. Now, the LDP, SDPJ, and the Sakigake [Harbinger Party] have joined to form a new government. I am convinced that we can work together to formulate necessary measures to resolve problems that hamper the livelihood of the people.

[Unidentified reporter] I would like to ask you about some points which seem to not have been settled yet. Regarding PKO issues, do you think it is appropriate or not to send Japanese Self Defense Forces abroad? Regarding the consumption tax hike, do you think that this is necessary? If the tax hike were to be implemented, then when do you think this would be appropriate?

[Kono] Regarding PKO issues, I was involved with this matter while serving as the chief cabinet minister last year. I think it is important to adhere to fundamental principles and stay within the limits of the Constitution when considering such issues. As for the consumption tax issue, I think it is necessary to have high regard for the understanding that economics is a living thing. The last question will depend on at what point we feel that the current pump-priming measures have taken effect and that the economy has recovered.

[Unidentified reporter] Returning to the earlier question, Mr. Kono, do you yourself think that the use of nuclear weapons is illegal?

[Kono] We have two things here. One is an academic question—whether the use of nuclear weapons is legal. The other is a feeling that the Japanese people have in their hearts against nuclear weapons. I think that we should not confuse ourselves in debates by mixing up the

two. As a Japanese, I feel that nuclear weapons must ultimately be abolished. Even though I say ultimately, I also feel that sooner the better.

[Unidentified reporter] Thank you very much, Mr. Minister.

[Unidentified reporter] One last question, please. Among diplomatic issues, the Japan-U.S. framework trade talks is considered one of the priority issues. As foreign minister, how do you intend to deal with this?

[Kono] If we think about Japan-U.S. relations, I feel that it would be necessary to make efforts to bring talks between liberals and reformists to a successful conclusion as much as possible. As for details of our talks, we are now still in the midst of the talks, so I plan to keep working, while confirming what is being discussed.

[Unidentified reporter] One more point....

[Another Unidentified reporter, interrupting] Was this not an opportunistic approach to gaining power by garnering together anti-Ozawa forces?

[Kono] I would like for you to judge whether it is appropriate to call us opportunists after you see whether we have been able to reach accords among ourselves on policies.

[Unidentified reporter] Regarding such policies, how do you intend to deal with the issue of compensations and apologies for comfort women and other victims during World War II, now that almost 50 years have elapsed since the end of the war?

[Kono] Last year I held a news conference on this same issue right at this spot. May I please ask you to look into what I said then?

[Unidentified reporter] Do you mean nothing has changed?

[Kono] No, nothing has changed.

[Dean of press corps] Thank you very much.

MITI Minister Hashimoto Speaks

OW3006152394 Tokyo NHK General Television
Network in Japanese 0748 GMT 30 Jun 94

[News conference by new cabinet members with unidentified domestic correspondents at the prime minister's official residence in Tokyo; statement and question-and-answer session by Ryutaro Hashimoto, minister of international trade and industry—live]

[Text] [Unidentified dean of the press corps] Next, we have Ryutaro Hashimoto, minister of the Ministry of International Trade and Industry [MITI].

[Hashimoto] I have been appointed to serve as the minister of international trade and industry. I plan to do

my best under this severe economic situation, so I ask all of your goodwill toward me.

[Reporter] When you were chairman of the Liberal Democratic Party's [LDP] Policy Research Council, you held considerable doubts about the outcome of GATT's Uruguay Round of multilateral trade talks, and you made yourself clear about that during plenary sessions of the Diet. As minister, do you have any plans to reconsider the accords reached at the trade talks?

[Hashimoto] I have not yet been informed whether the translation of the trade accord documents, which are said to consist of 26,000 pages, has been completed. Moreover, I do not know the details of the accords, which cover 15 trade sectors. Even when we were not in power, we, as an opposition party, had sought to carefully examine the accords as soon as the translation was completed. Because there are officials who handled the trade negotiations, I naturally plan to ask them to brief me thoroughly on the trade accords. I would like to make my decision thereafter. However, it has already been decided that the trade accords will take effect on 1 January 1995, and former administrations have clarified their positions in the past. We must take such matters thoroughly into consideration and continue to make the necessary efforts because we must maintain the continuity of Japan's trade policies.

[Reporter] Mr. Minister, critics charge that an opportunistic approach has been taken in forming a new coalition government which is nothing more than an alliance of anti-Ozawa forces without any accords having been reached on policies. How do you feel about this?

[Hashimoto] I took a look at the policy blueprint prepared by the Social Democratic Party of Japan [SDPJ] and Sakigake [Harbinger]. As one in charge of the LDP's policy affairs, I felt that we could come to mutual agreement on the basic outline of the policy blueprint. We plan to do our utmost to avoid being criticized as you just mentioned.

[Reporter] Mr. Minister, I have heard that you are an expert on environmental administration. How do you now intend to tackle environmental issues in the process of managing trade affairs?

[Hashimoto] Well, that is a difficult question. I have frequently voiced my opinion in urging that the Environment Agency be strengthened. I plan to hold thorough discussions with MITI officials after I take office. However, one thing I can say is that looking back at the time of the so-called pollution Diet session during which we held discussions on extremely serious pollution problems, I feel that government affairs in Japan have drastically changed in all respects. Now, society no longer permits industries to cause the environment to deteriorate as in the past, and industries no longer commit such acts.

Under such circumstances, I think that current environmental problems are different in nature from what we

traditionally considered to be environmental problems. In other words, the concentration of population in certain areas has caused our living conditions to deteriorate, and this in turn has brought about the problems of water and air pollution. Today, if we were to necessarily view environmental problems in general from the standpoint of managing trade affairs, we may fail to focus our attention on the real nature of the problems. Rather than just leaving it up to industries, I feel that we must think about how we can create an energy-saving and recycling-oriented society by reviewing the structure of our cities and our livelihood, among other things.

[Reporter] Mr. Minister, during the time when former Chief Cabinet Secretary Hiroshi Kumagai was MITI minister, there was an incident in which a MITI bureau chief resigned. I would like to hear your opinion of this matter.

[Hashimoto] I do not want to talk about the past. Because Japan currently faces a severe situation, this is a time for the government and the bureaucracy to combine their efforts. I hope that working-level officials at MITI will come together and fulfill their responsibilities.

[Reporter] Mr. MITI Minister, could you tell us your stands on the consumption tax rate hike and the dispatch of Self-Defense Forces overseas?

[Hashimoto] As for the consumption tax, I have never discussed this issue from a viewpoint of starting from a tax hike. When Mr. Toshio Doko [former Japan Federation of Economic Organizations chairman] was leading the government's advisory administrative reform council, the council set a goal that tax burdens for taxpayers should remain below 50 percent, hopefully around 45 percent, when the growth of the aged population reaches its peak. As a finance minister under an LDP government, I tackled the issue in line with the goal set by the advisory council.

When the aged population of Japan's society increases further, burdens on the public will increase to support the aging society. This is inevitable. The burdens may be allotted to the public in the form of direct taxes, indirect taxes, or insurance premiums, but I think that political circles have not yet asked the people which is the most acceptable measure. Tax reform should be discussed from such viewpoints. I have been saying so. But, we have to obtain the public's understand of the point that burdens for supporting society will inevitably become heavier hereafter.

In connection with the UN cooperation issue, the late Police Superintendent Takada, who was killed while serving in Cambodia, was from the same province as I am. Earlier this year, I called on his widow before the anniversary of his death. My heart ached for her with sympathy when she told me that she really enjoyed Golden Week every year until Mr. Takada's death but that now this is the saddest week for her. From now on, Japan should play appropriate roles in the international

community. At the same time, however, the government has a responsibility to do its best to prevent a recurrence of Mr. Takada's tragedy.

[Reporter] Please allow me to ask you about your plan for promoting and settling the Japanese-U.S. framework talks.

[Hashimoto] I am sorry, but I want to refrain from commenting on this issue because I do not know how working-level negotiations are going on now and because I do not want to mislead the talks by making remarks now.

[Reporter] You have the experience of serving as a cabinet minister in many administrations. What is your comment on your being appointed by a prime minister from the SDPJ?

[Hashimoto] To tell you the truth, I worked together with Mr. Murayama while we were members of the lower house Committee on Social and Labor Affairs. We jointly formulated the special law for the jobless from specific depressed industries. At that time, he drove me very hard because I was young. When I met with him a little while ago, I told him I would have a hard time again.

[Unidentified moderator] Thank you very much.

Taming Bureaucrats Seen Vital for Leaders

*OW3006140794 Tokyo KYODO in English 1319 GMT
30 Jun 94*

["News Focus" by Kohei Murayama: "Taming Bureaucrats Vital for New Political Leaders"]

[Text] Tokyo, June 30 KYODO—The new clique of ruling politicians threw down the gauntlet on Thursday [30 June] to financial officials known for their dominance of Japan's powerful bureaucracy, a move that might be welcomed by the United States.

The government challenge aims at loosening Japan's tight fiscal and credit stances primarily for measures that require prompt action, such as the yen's rise and tax reforms ahead of the Group of Seven (G-7) summit in Naples, Italy, next week.

Speaking separately after being appointed on Thursday, new economic ministers vowed to pursue measures to stabilize currencies and multiyear income tax cuts as promised in the March market-opening package.

But they rejected bureaucracy plans to link tax cuts to an offsetting consumption tax hike in drawing up the reform bills, and hinted at their intention of promising only the tax cuts and reserving the tax hike until the economy recovers.

The U.S. has been demanding just such a scenario, and President Bill Clinton has openly criticized financial bureaucrats for blocking political decisions.

"We can't just follow the bureaucrats," said Construction Minister Koken Nosaka, a member of the Social Democratic Party (SDP) headed by new Prime Minister Tomiichi Murayama.

Japan also vowed in the March package to boost its 10-year (1991-2000) plan worth 430 trillion yen in public works spending. But the Finance Ministry has been urging a funding scheme aside from issuing bonds.

Government sources said the Clinton administration has informed Japan it is ready to wait until September for a decision on those promised actions.

Newly appointed Finance Minister Masayoshi Takemura said that multiyear tax cuts are "necessary" primarily to ease heavy burdens on the middle-income bracket under the current system.

But as for funding, he said, "the government must first seek concrete programs to cut its own waste, like corporate restructuring, and to rectify unfair tax systems instead of immediately discussing a tax hike."

Takemura, chief cabinet secretary in the cabinet of former Prime Minister Morihiro Hosokawa, strongly objected to Hosokawa's "national welfare tax" plan in February.

The plan to adopt a 7 percent welfare tax to replace the present 3 percent consumption tax in three years after implementing 6 trillion yen worth of income tax cuts was soon scrapped due to strong opposition from the SDP, which was then a coalition member.

Takemura later split from the coalition with his new party Sakigake [Harbinger] along with the SDP, discouraged by what they call the forcible decision-making process led by Shinseito [Japan Renewal Party] strategist Ichiro Ozawa.

This feud apparently stemmed from the decision on the welfare tax plan, with Vice Finance Minister Jiro Saito, the top financial bureaucrat, being said to have masterminded it.

"We must avoid making the same mistakes again," Takemura said.

Speaking at a news conference after the cabinet appointments, Saito refused to comment much, merely saying he will "consult and obey."

Saito said bureaucrats must take the role of a "kuroko," the black-garbed stage assistant in kabuki plays.

On measures to stem the yen's record-breaking rise, the key is whether Takemura can lead bureaucrats and Bank of Japan [BOJ] Governor Yasushi Mieno to make concerted credit moves with the G-7 partners.

Offering no specific measures, he said, "I will work on international cooperation with great interest in currency stability."

With last Friday's joint global market intervention failing to lift the dollar, market players are expecting the G-7 nations to agree on credit cooperation at the Naples summit as they did in May.

The dollar hit another global low of 98.55 yen in New York on Wednesday.

Together with market interventions when the dollar was near to falling below 100 yen in early May, the U.S. raised its key rates, while Germany cut its key rates with other European nations following suit, and Japan maintained its loose stance on the money market.

But BOJ Governor Mieno has been hesitating to make any further cuts in the official discount rate, currently at an all-time low of 1.75 percent, to avoid a resurgence of the "bubble" economy.

Meanwhile, business leaders have expressed concerns over the new coalition between the former archrivals—the SDP and Liberal Democratic Party (LDP)—about prompt currency action.

Lower interest rates would obviously be welcomed by the LDP, mainly supported by business circles that will enjoy lower fund costs, but not by the socialists in the labor union camp as low rates cut into savings.

Defense Agency Director Tamazawa

*OW3006134994 Tokyo NHK General Television
Network in Japanese 0658 GMT 30 Jun 94*

[News conference by new cabinet members with unidentified domestic correspondents from the prime minister's official residence in Tokyo; statement and question-and-answer session by Defense Agency Director General Tokuichiro Tamazawa—live]

[Text] [Tamazawa] I am Tomiichiro Tamazawa, and I have just been appointed as the director general of the Defense Agency. National defense is crucial for the survival of the nation, and I am keenly aware of the heavy responsibilities and difficult duties that I have to shoulder.

First of all, I would like to strictly follow the Japanese Constitution. Japan must not become a military superpower, and must not possess nuclear weapons. Under these principles, I would like to stick to the framework of the Japan-U.S. Security Treaty, and to promote maintenance of efficient and prudent defense capability for exclusively defensive national defense.

To map out the future direction of Japan's defense forces under these principles, I will take over policy studies now under way, and elaborate them. Also, I will pay close attention to the situation in neighboring regions, including the Korean peninsula.

I would like to try my best to maintain favorable and stable security ties between Japan and the United States. I ask for the public's understanding and support.

[Reporter] May I ask you for your personal stance toward revision of the 1976 National Defense Program Outline?

[Tamazawa] Preparatory work for the revision of the National Defense Program Outline was started by the second previous prime minister [Morihiro Hosokawa], and the prime minister's private advisory panel is working on the project. I would like to see what will be the conclusion and opinions of the panel.

[Reporter] Prime Minister Murayama has reportedly said he wants to establish a dovish administration. Do you think you are a dove politician?

[Tamazawa] I think I am just a Japanese citizen.

[Reporter] You are very familiar with farm policies. As a member of the Liberal Democratic Party [LDP], you once took a negative stance toward the GATT Uruguay Round. What is your current position on the ratification of the round?

[Tamazawa] It is not related to my official duties. Personally speaking, when a nation signs an international agreement, I think it is difficult for the legislative branch to reject it. Since we are currently facing so many difficult problems, we have to promote strong policies to overcome those problems.

[Reporter] Please let me ask a question on two points on which the ruling parties seemingly do not agree with each other. Regarding Japan's UN peacekeeping operations, are you for dispatching the Self-Defense Forces [SDF] overseas? Another question is about the consumption tax hike, though it is not directly related to your position. Do you think an increase in the consumption tax rate is necessary? If necessary, when should the tax be increased? Could you answer these questions?

[Tamazawa] On the UN peacekeeping operations, Japan has the UN Peace Cooperation Law. I think we have to try our best to contribute to the world in line with the law. I do not have a definite stance toward the consumption tax. This policy is supposed to be determined by the cabinet, and I will follow the cabinet decision.

[Reporter] In connection with the UN issue, the UN Peace Cooperation Law will shortly unfreeze Japan's participation in the UN peacekeeping forces. What is your stance toward the issue?

[Tamazawa] For the time being, the Defense Agency will try its best to promote Japan's UN role under the current limitation of the UN Peace Cooperation Law.

[Reporter] One more question on the UN cooperation issue. The Defense Agency has sent a survey team to the Golan Heights. What is your own opinion on the SDF dispatch to the Golan Heights?

[Tamazawa] I am sorry for repeating the same answer, but I have to say that that should be considered within

the limitation of the government's policy to promote operations legalized by the UN Peace Cooperation Law.

[Reporter] Does it mean the government will seek operations in the Golan Heights?

[Tamazawa] That is a topic for the future. I heard that the agency's feasibility study is still under way, and I guess the government will make a decision on this issue after the completion of the final report.

[Unidentified moderator] Thank you very much.

Ozawa Offers To Quit Post; Persuaded To Stay

OW3006041494 Tokyo KYODO in English 0357 GMT 30 Jun 94

[Text] Tokyo, June 30 KYODO—The former ruling coalition's most powerful figure Ichiro Ozawa offered Thursday [30 June] to resign as secretary general of Shinseito but the party leadership persuaded him to stay, party officials said.

Ozawa's resignation offer followed Wednesday's election in the Diet of Social Democratic Party (SDP) Chairman Tomiichi Murayama as prime minister.

Murayama beat former Prime Minister Toshiki Kaifu, who was supported by Shinseito and other former coalition partners.

Ozawa tendered a letter of resignation to take the blame for the collapse of the two-month-old minority cabinet of Prime Minister Tsutomu Hata. Ozawa played a key part in sweeping Hata to power.

Hata and his cabinet resigned last Saturday to avoid being felled by a no-confidence motion submitted by the Liberal Democratic Party (LDP) to the House of Representatives.

The SDP, LDP and New Party Sakigake formed an alliance Wednesday to put Murayama to the post of prime minister.

North Korea

Dailies Support Adoption of N-S Agreement

SK3006050194 Pyongyang KCNA in English 0448 GMT 30 Jun 94

[“Papers Support Agreement on Opening of North-South Top-Level Talks”—KCNA headline]

[Text] Pyongyang, June 30 (KCNA)—Papers here today fully support the adoption of an agreement on the opening of North-South top-level talks, viewing it as an event that inspires the people with a new hope for the peace and the independent and peaceful Reunification of the country.

In a commentary titled “Inspiring Event Delighting All Fellow Countrymen” NODONG SINMUN says the

adoption of the agreement reflects the desire of the nation for reunification in the '90s and manifests the will of the nation to solve the question of the peace and reunification of the country with the efforts of the nation itself.

The analyst further says: At a crossroads of peace and war, reunification and the total destruction of the nation, all the fellow countrymen are waiting for a patriotic decision of the top authorities of both sides more eagerly than ever before. The soon-to-be-held top-level talks will mark a momentous historical occasion and a milestone indicating a correct orientation to be followed by the nation.

It is indeed gratifying and lucky that the North-South summit which has not been realised for several dozen years will be held soon.

Underlying the agreement on the opening of North-South top-level talks is the stand of solving the urgent questions of peace and reunification of the country by the efforts of the nation and shaping the destiny of the nation by the efforts of the Korean people themselves. This common stand is an expression of the noble patriotic feelings and the spirit of national independence displayed by those who are concerned over the destiny of the nation and are eager to defend and achieve the independence of the nation.

If both the North and the South proceed from the spirit and the stand of national independence, they will be harmonized and united, transcending all differences, in accordance with the principles of independence, peaceful reunification and great national unity, break the deadlock and open a broad way of a durable peace and the independent and peaceful reunification of the country with the efforts of the nation.

The historical top-level talks between the North and the South will record a new national history in turning the history of antagonism, confrontation and division which have lasted for nearly half a century in the country into a history of national unity, peace and reunification and bringing a turning point in achieving national independence, prosperity and development. It will also give a great joy to the world peaceloving people who worry about the tension on the Korean peninsula.

A MINJU CHOSON analyst says practical steps concerning the historical agreement must be taken and all the agreed points be sincerely implemented. We will make every possible effort to this end, the analyst declares.

U.S. 'Hardliners' Warned Against Spoiling Talks

SK3006105894 Pyongyang KCNA in English 1045 GMT 30 Jun 94

[“U.S. Conservative Hardliners Must Not Spoil Atmosphere of Talks”—KCNA headline]

[Text] Pyongyang, June 30 (KCNA)—U.S. conservative hardliners are now letting loose a torrent of malicious words getting on the nerve of the Democratic People's Republic of Korea.

According to VOA, Senator Robert J. Dole told a hearing at the Senate Foreign Affairs Committee on June 27 “the Clinton administration must not place too much confidence in North Korea” and “the United States must continue the debate on sanctions with its allies.”

Stephen J. Solarz, former chairman of the Subcommittee on Asian and Pacific Affairs of the Foreign Affairs Committee of the House of Representatives, contended in Tokyo on June 28 that “the forthcoming U.S.-DPRK talks should focus on the nuclear material reprocessed by North Korea in the past,” while Senator John McCain said “The Clinton administration must take immediate steps to send reinforcements to Seoul.”

Their remarks putting us on our guard are totally unreasonable ones aimed at spoiling the atmosphere of the third-round talks between the DPRK and the United States and bringing the situation of the Korean peninsula back to the complicated phase.

Dole tried to dissuade the Clinton administration from believing the words of North Korea! Throwing together the balderdash that it deceives the United States. This is an insult to and mockery of the DPRK.

We do not like an empty talk. We have neither broken our promise with others nor failed to put into effect what we resolved to do.

Nevertheless, Dole slandered the DPRK, distorting facts. This cannot be construed otherwise than a sinister intention to put pressure on those who are calling for a fundamental solution to the nuclear issue in the Korean peninsula and the improvement of the DPRK-U.S. relations as a whole through dialogue and negotiation and intentionally lay an obstacle again to the progress of the DPRK-U.S. talks, thus having international “sanctions” taken against the DPRK at any cost.

Though the U.S. conservative hardliners are persistently trying to contain the DPRK with “strength,” motivated by the trite hostile policy of stifling the DPRK, it is a foolish act. The issue cannot be resolved by a strong arm and pressure. They would be well advised to clearly see the trend of the time and behave with discretion, and stop acts spoiling the atmosphere of the talks.

ROK Authorities Called ‘Civilian Fascists’

SK3006133794 Pyongyang Korean Central Broadcasting Network in Korean 1220 GMT 29 Jun 94

[Commentary by Kim Kyong-pok: “Ruthless Suppression that Can Never Be Justified”]

[Text] South Korean authorities are still kicking up fascist suppression on the South Korean workers who call for the right to exist. As has already been reported,

on 23 June, the South Korean authorities mobilized some 3,000 strong police force of 20 companies and raided a place in Yongsan, Seoul, where railway workers affiliated with the National Council of Locomotive Workers [Chongihyop] were holding a sit-in. This incident served as a starting point for their frantic suppression offensive.

On 26 June, the South Korean authorities again committed fascist suppression by apprehending hundreds of railway workers who were staging a sit-in by dispatching the police to Kyonghui University and a christian hall in Seoul.

This is an unjustifiable barbaric fascist suppression and arouses vehement indignation at home and abroad. Speaking of the South Korean workers' struggle, it is their basic right to exist, including wage increases, the improvement of working conditions, and the reinstatement of expelled workers, which can never become an object of suppression.

As the whole world recognizes, South Korean workers have been forced to work under the worst labor environment and have to endure the longest working hours in the whole world, receiving wages far below minimum wage. Nevertheless, South Korean authorities have unilaterally carried out with force antipopular labor policies, such as a wage freeze and decisively reduced the workers' real income by raising the public utility charges and prices.

Under such circumstances, it is a matter of course that the South Korean workers arose in a struggle to gain the right to exist, including wage hikes, and their sacred rights can never be taken away. Nevertheless, the fact that the South Korean authorities mobilized a huge police force to brutally suppress rail workers is nothing but an intolerable fascist outrage. Furthermore, what cannot be overlooked is that the South Korean authorities' suppressive acts surpass that of the former dictators in light of brutality and viciousness.

Their imminent suppression outrage committed against the church hall on 26 June is one clear example. On that day, the South Korean authorities hurled a 500 strong police force of three companies into the church hall and apprehended 269 railway workers and key striking members, including the chairman of the Chongihyop and the director of a propaganda bureau of the Chongihyop.

The police force's violent act of breaking into the Christian hall is an act of infringing upon the ecclesiastical authority and is nothing but a barbaric act of trampling down the church's inviolability. Furthermore, taking into account the fact that the police force's raid into a church is the first one since 1970, we can clearly see that the South Korean authorities' arrogance and autocracy wielded against the South Korean workers have reached a grave stage.

The present South Korean authorities under the code name of civilian regime are perpetrating things that even

the preceding military dictators never dare to commit. This proves that they are civilian fascists more vicious and arrogant than the preceding military dictators.

As history has proven, however, suppression is always followed by resistance. The more the South Korean authorities wield a fascist club, the more the South Korean workers' fire of resistance will burn fiercely.

The South Korean authorities should squarely see the trend of times and immediately end its suppression on workers. They should also release arrested key union members at once and accept their demand on the rights to exist.

ROK's 'Dishonest Forces' Foster Distrust

SK3006044794 Pyongyang KCNA in English 0436
GMT 30 Jun 94

["Wicked Act"—KCNA headline]

[Text] Pyongyang, June 30 (KCNA)—NODONG SINMUN and MINJU CHOSON today make a scathing comment on an article of a South Korean paper TONG-A ILBO maliciously slandering and insulting the North.

A NODONG SINMUN analyst says: We cannot help taking a serious view of the fact that the South Korean paper carried an article in the name of Prof. Yang Song-chol of the Kyunghee University attacking the North, the dialogue parter, and casting aspersions on its social system, at a time when a good atmosphere is urgently needed for a successful opening of North-South top-level talks.

We do not view it merely as an article contributed by a hack writer. It is strikingly clear that the dishonest forces of South Korea that hate the opening of North-South top-level talks egged the anti-communist penny-a-liner to write such a false article.

Still now when the North-South top-level talks is on the order of the day, the anti-national forces of South Korea are fostering distrust and confrontation between the North and the South and even abusing media.

Those who are trying to cast a chill over the atmosphere of the talks through petty tricks when all the fellow countrymen are welcoming the agreement on the opening of the talks with a great hope for peace and reunification by the efforts of the nation will make themselves a target of curse and denunciation within and without.

A MINJU CHOSON analyst says the dishonest forces laying obstacles to national reconciliation and unity must be removed without mercy.

ROK Group Denounces Assault on Koreans in Japan*SK3006101894 Pyongyang KCNA in English 1001
GMT 30 Jun 94*

[Text] Pyongyang, June 30 (KCNA)—The National Literary Writers Council and the General Federation of National Artists of South Korea published a statement on June 27 denouncing the frequent assaults on Korean girl students in Japan, according to a report.

The statement condemned the violence in Japan as a challenge to the entire Korean nation, a crime and primitive barbarism and urged the Japanese Government to take an immediate measure. It demanded that the South Korean authorities start an investigation into the truth behind the assaults.

Demands of ROK Rail Strikers 'Must Be Met'*SK3006102394 Pyongyang KCNA in English 1005
GMT 30 Jun 94*

["Demand of S. Korean Strikers Must Be Met"—KCNA headline]

[Text] Pyongyang, June 30 (KCNA)—The partial strike started by South Korean rail workers in late May for wage hike and the reinstatement of the expelled workers has rapidly expanded into a general strike, rocking the whole of South Korea.

In a by-lined article today NODONG SINMUN says the demand of the strikers must be met. Noting that the ongoing general strike of the rail and subway workers is an immediate expression of their distrust in and discontent at the hollow "new labour policy" of the present South Korean regime, the paper continues:

It is inevitable and only too natural that the workers answer with a struggle the authorities' wholesale crack-down on their peaceful movement for their vital rights by force of arms.

The South Korean authorities are now countering the solidarity strike of the rail and subway workers with harsh suppression, defining it as an "illegal act assuming the character of the political struggle."

Their attempt to check the workers' righteous struggle at the point of bayonet is, indeed, an illegal act of violence and high-handed fascist act of those in power.

Brutally suppressing the labour movement, the South Korean authorities showed that the "civilian" regime is an extension of the military dictatorial regimes of the "Fifth and Sixth Republics." The suppression of the rail workers must be promptly ended and their just demand be met.

Seoul Radio Cited on General Strike in South*SK3006045394 Pyongyang KCNA in English 0440
GMT 30 Jun 94*

[Text] Pyongyang, June 30 (KCNA)—More than 20,000 members of the Hyundai Heavy Industries workers union in South Korea started a general strike Wednesday in protest against the insincere attitude of the management, causing a total shutdown of the company, a Seoul-based radio reported.

The unionists had been holding negotiations with the management for several months for the renewal of the collective contract and wage hike. But the management had persistently taken an insincere attitude.

On the same day, the police mobilized more than 4,000 strong force of 35 companies and three helicopters in a crackdown on workers of the Kwangju factory of the Kumho Tyre Company on the fifth day of their sit-in strike.

Incensed against this, the workers set fire to a barricade made up of hundreds of tyres and fiercely resisted the police, pelting them with fire bombs. Some 600 students affiliated with the Kwangju-South Cholla Provincial Federation of General Student Councils (Namchongnyon) joined the workers and went to the Kwangju-South Cholla provincial branch of the "Democratic Liberal Party" and to the South Cholla provincial police agency, where they staged a protest.

Release of Unconverted Prisoners in ROK Urged*SK3006043694 Pyongyang KCNA in English 0424
GMT 30 Jun 94*

["Communique of International Committee for Release and Repatriation to North of Unconverted Long-Term Prisoners in South Korea"—KCNA headline]

[Text] Pyongyang, June 30 (KCNA)—The International Committee for the Release and Repatriation to the North of Unconverted Long-Term Prisoners in South Korea made public a communique on June 18.

According to the communique, the committee decided to form an international fact-finding group to investigate the conditions of the unconverted long-term prisoners in South Korea.

The group consists of Amar Bentoumi, secretary general of the International Association of Democratic Lawyers and Former Minister of Justice of Algeria, Robert Charvin, secretary general of the International Committee of Jurists for Democracy and Human Rights in South Korea, and three others.

The mission of the group is to undertake negotiation and build up broader world opinion for the repatriation of Kim In-so and Ham Se-hwan, unconverted long-term

prisoners in South Korea, to the North and the release of An Hak-sop who has been kept behind bars for over 40 years.

The fact-finding group will go to South Korea to get first hand knowledge of the human rights and conditions of the long-term prisoners on the spot and realise their repatriation to the North and release, the communique said.

The communique called upon all the human rights organisations, public figures and non-governmental organisations of the United Nations to actively join the group in all its activities.

Hanminjon Urges Recapturing National Sovereignty

SK2906232494 *Pyongyang KCNA in English 1507*
GMT 29 Jun 94

[Text] Pyongyang, June 29 (KCNA)—Yi Chong-sang, chief of the Pyongyang mission of the South Korean National Democratic Front (Hanminjon), made public a statement on June 25 on the lapse of 44 years since the start of the Fatherland Liberation War.

In the statement he said, "The victory of our nation in the Fatherland Liberation War was a victory of the outstanding military thought, strategy and tactics, the chuche-based war methods and commanding art of the great leader Comrade Kim Il-song and a demonstration and victory of the invincible might of our nation and the Korean People's Army determined to defend the sovereignty of the nation".

To ensure peace on the Korean peninsula and achieve its independent reunification is a unanimous desire of the entire fellow countrymen and a vital historical task of the Korean nation, he noted.

The entire fellow countrymen, he went on, are rising as one to achieve the independent and peaceful reunification of the country under the banner of "10-point programme of the great unity of the whole nation for the reunification of the country".

The solemn resolve of the eight million youth and children to be rifles and bombs to defend the sovereignty of the nation, upholding orders of respected supreme commander General Kim Chong-il with loyalty, gives the people in the South conviction of certain victory, he said, and stressed:

"Hanminjon will reunify the country by pooling efforts with the compatriots in the North, standing in the van of the people in the South, and thus certainly retake the sovereignty of the nation."

International Groups on Withdrawal From IAEA

SK3006104694 *Pyongyang KCNA in English 1029*
GMT 30 Jun 94

[**"Legitimate Self-defensive Measure of DPRK"**—KCNA headline]

[Text] Pyongyang, June 30 (KCNA)—The withdrawal of the DPRK from the International Atomic Energy Agency [IAEA] was supported by an international organisation and foreign political parties and public organisations.

The International Liaison Committee for Reunification and Peace in Korea in a statement expressed full support to and solidarity with the DPRK in its resolute step of refusing the inspection of the IAEA which had resorted to partial acts and withdrawing from it.

Noting that only dialogue and negotiation are a solution to the nuclear issue, the statement appealed to the peace organisations and peoples all over the world to make all efforts to prevent a new war in the Korean peninsula.

The National Party, the Democratic Party, the Railway Workers Union, the Karachi Branch of the Pakistan-Korea Friendship Association and seven other political parties and organisations of Pakistan in a joint statement said it was a very dangerous act encroaching upon the DPRK's sovereignty that the Board of Governors of the IAEA adopted an unreasonable "resolution" against the DPRK under the pretext of the nuclear issue of the Korean peninsula. Expressing positive support to the DPRK's declaration of its withdrawal from the IAEA, the statement called upon all countries of the world to demand the IAEA member nations not to allow the agency to be used as a tool of the United States.

The Bulgarian Communist Party (Marxists), Workers and Peasants Party and Reformed Communist Party in a joint statement backed the DPRK's step for the withdrawal from the IAEA.

More Groups Support Withdrawal

SK2906105594 *Pyongyang KCNA in English 1026*
GMT 29 Jun 94

[Text] Pyongyang, June 29 (KCNA)—Foreign political parties and organisations supported the DPRK's measure in withdrawing from the International Atomic Energy Agency [IAEA].

The Polish League of Communists "proletariat" in a statement on June 16 said that the IAEA's adoption of a "resolution" against the DPRK at the instigation of the United States was an act impairing the dignity and sovereignty of the DPRK. It hailed the DPRK's measure in withdrawing from the IAEA.

The Ghanaian National Institute of the Chuche Idea in a statement charged that the IAEA is taking issue with the peaceful nuclear activities of the DPRK, while keeping mum about Japan and South Korea hastening their

nuclear armament. It said that the withdrawal of Korea from the IAEA is a just self-defensive measure for defending the sovereignty and countering the pressure of the United States and its followers.

The Bulgaria-Korea Friendship Association in a statement on June 17 said that no outside force should interfere in the internal affairs of Korea and expressed support and solidarity for the just struggle of the Korean people to defend the security and dignity of the country and achieve its peaceful reunification.

Functions Held Abroad in Solidarity With Koreans

SK3006104594 Pyongyang KCNA in English 1025 GMT 30 Jun 94

[Text] Pyongyang, June 30 (KCNA)—Functions were held in different countries in the June 25-July 27 month of international solidarity with the Korean people.

Addressing an opening function in Baktapur, Nepal, Narayan Man Bijukchhe, chairman of the Nepal Workers and Peasants Party, said that the three-year Korean war (June 25, 1950-July 27, 1953) was prepared and ignited by the United States under its plan. He expressed full support to the just independent stand of people's Korea.

The chairman of the Nepal-Korea Friendship Association, Manik Lal Shrestha, in his speech said that the United Nations must check the arbitrariness and nuclear threat of the United States and help the Korean people in accomplishing the cause of reunification.

A meeting for solidarity with the Korean people in Sweden heard speeches and adopted a letter to the great leader President Kim Il-song.

In this month statements were issued in different countries.

The Mozambican Committee for Friendship With the People of the DPRK in a statement headlined "U.S., Provocateur of Korean War" said that although the United States is now shipping more Armed Forces into South Korea, it can never frighten the Korean people.

The Senegal Organisation for Friendship With the Fraternal Korean People in a statement pointed out that "10-point Programme of the Great Unity of the Whole Nation for the Reunification of the Country" put forward by His Excellency Kim Il-song, the great leader, is the most fair and realistic program of reunification representing the noble desire of the Korean people to achieve national reunification and prosperity.

Stressing that the DPRK's decision to withdraw from the International Atomic Energy Agency is a self-defensive measure, the statement called upon the governments, political parties and organisations of different countries which love peace and justice and upon the international

organisations to extend positive support and solidarity to the struggle of the Korean people.

Nicaraguan, Peruvian Leaders Support Korean Cause

SK3006043894 Pyongyang KCNA in English 0428 GMT 30 Jun 94

[Text] Pyongyang, June 30 (KCNA)—The Korean people's cause of justice was supported by the president of Nicaragua and party leaders of Peru.

Nicaraguan President Violeta Barrios de Chamorro, when she met the Korean ambassador to Nicaragua on June 24, expressed support to the position of the DPRK to resolve the nuclear issue of the Korean peninsula through DPRK-USA talks and hoped that the nuclear issue of the Korean peninsula would be resolved in a peaceful way through dialogue and negotiation. She also expressed the hope that the North and the South of Korea would advance toward reunification through dialogue.

General Secretary of the Peruvian Communist Party Renan Raffo Munoz said that the Communist Party and all the leftist forces of Peru extended full support and solidarity to the Workers' Party of Korea and the Korean people in their struggle for socialism and national reunification and that they would always fight in the same trench with the Korean people.

General Secretary of the Revolutionary Socialist Party of Peru Guzman Rivera Castaneda said that socialism of Korea is the hope and beacon of mankind. He expressed support to and solidarity with the Workers' Party of Korea and the Korean people in their valiant fight to defend Korean-style socialism.

Kim Il-song Receives Belgian Labor Party Head

SK3006110194 Pyongyang KCNA in English 1037 GMT 30 Jun 94

[Text] Pyongyang, June 30 (KCNA)—The great leader President Kim Il-song today received the Chairman of the Central Committee [C.C.] of the Belgian Labour Party, Ludo Martens, on a visit to Korea.

Present there were Secretary Hwang Chang-yop and Vice Director of a Department Yim Sun-pil of the C.C., the Workers' Party of Korea.

President Kim Il-song had a cordial and friendly conversation with the guest. He gave a luncheon for the guest.

Receives Gift From Party Leader

SK3006110294 Pyongyang KCNA in English 1038 GMT 30 Jun 94

[Text] Pyongyang, June 30 (KCNA)—The great leader President Kim Il-song received a gift from the Chairman of the Central Committee of the Belgian Labour Party,

Ludo Martens, on a visit to Korea. The gift was handed to an official concerned by the chairman today.

WPK, Bangladesh Socialist Party Issue Statement
SK2906053094 Pyongyang KCNA in English 0513
GMT 29 Jun 94

[Text] Pyongyang, June 29 (KCNA)—A joint statement of the Workers' Party of Korea [WPK] and the Bangladesh National Socialist Party [BNSP] was published here on Monday.

According to the statement, a delegation of the Bangladesh National Socialist Party led by General Secretary Hasanul Huq Inu paid a goodwill visit to the Democratic People's Republic of Korea from June 21 to 28, 1994, at the invitation of the Central Committee of the WPK, and talks were held between the delegations of the WPK and the BNSP in this period.

At the talks the Bangladesh National Socialist Party highly estimated the Workers' Party and people of Korea for unremittingly advancing socialism centred on the masses, decisively smashing the continued pressure and challenge of the imperialists with the singlehearted unity of the leader, the party and the masses, under the guidance of the dear leader Comrade Kim Chong-il who is successfully carrying forward and developing the revolutionary cause of *chuche* pioneered by the great leader Comrade Kim Il-song, and extended firm support and solidarity to them.

The WPK noted with high estimation that the BNSP is making strenuous efforts to achieve democratic development of the country, defend the independent rights and interests of the working masses and ensure peace against the war policy of imperialism, and expressed full support to it.

Both sides expressed their will to further strengthen the internationalist unity and solidarity with the world's progressive people who aspire after socialism and champion independence and their unanimous desire to step up joint efforts for closer multi-faceted cooperation and exchange between the two countries.

The Bangladesh National Socialist Party strongly denounced the move of the United States and its followers to stifle Korea, a move that rendered the situation on the Korean peninsula extremely strained, and held that the United States should sincerely approach the talks with the DPRK and immediately accept the proposal of replacing the Armistice Agreement by a peace agreement and establishing a new peace arrangement in order to ensure a durable peace on the Korean peninsula.

Expressing the belief that the independent and peaceful reunification of Korea will surely be realized through confederacy between the North and the South and on the basis of "10-point programme of the great unity of the whole nation for the reunification of the country", both

sides considered that the proposal of North-South top-level talks consistently maintained by respected Comrade Kim Il-song is of epochal significance in tiding over the relations of confrontation between the North and the South and opening the way of peace and reunification on the Korean peninsula.

PRC Military Delegation Visits Mangyongdae
SK3006094994

[Editorial Report] Pyongyang Korean Central Broadcasting Network in Korean reports at 1300 GMT on 27 June that a visiting friendship group of the Chinese People's Liberation Army [PLA] led by Colonel General Wang Ke, commander of the Shenyang Military Area Command of the PLA, visited Mangyongdae and Sohae Lockgate.

At 1300 GMT on 29 June, the radio reports on the delegation's departure on 29 June and that it was seen off at the Pyongyang station by Li Chong-san, general of the Korean People's Army; other generals and officers; and Qiao Zonghuai, Chinese ambassador to DPRK.

Indian Leader Publishes Article Praising Seoul
SK3006103594 Pyongyang KCNA in English 1019
GMT 30 Jun 94

[Text] Pyongyang, June 30 (KCNA)—Jyoti Basu, member of the Political Bureau of the Central Committee of the Communist Party of India (Marxist) and prime minister of West Bengal State, published an article headlined "Socialism Continues Advancing in the DPRK."

The article carried in the paper PEOPLE'S DEMOCRACY deals with the progress made by the Korean people closely united under the guidance of the Workers' Party of Korea [WPK] in the course of building the Democratic People's Republic of Korea into a brilliant model of socialism today.

The *chuche* idea authored by President Kim Il-song, an elder of the international communist movement, lays stress on self-reliance, national pride, independence of the nation, self-reliance in national defence and the principle of the building of socialist culture, the article notes, and continues: The DPRK, independent in politics, has built an independent national economy.

With the principle of self-reliance applied to the planned economy as a whole, a great progress has been made in economic growth every year.

The socialist economic foundation of the DPRK has been strengthened immensely. This is well illustrated by the fact that there are no disparity in wealth and unemployment and the people are provided with stable jobs.

Today the Korean people have created an independent and creative circumstances for their being the master of the revolution and its driving force.

The Workers' Party of Korea maintains the principle of democratic centralism.

The WPK and the DPRK Government are putting efforts into the fulfilment of major tasks of the building of culture along with the ideological revolution and the technical revolution.

The party and the government see to it that socialist morality is respected in the whole society while increasing the leadership role of their party. They are pulling their full weight on the strict prevention of the cultural infiltration of imperialism and defence of the value of national pride and revolutionary consciousness and directing big efforts to guiding the popular masses to build an excellent culture of the working class by developing education and social consciousness.

With its grand and gorgeous metro and beautiful architectures standing in harmony, Pyongyang can hardly be considered to have been a city heavily bombed by U.S. bombers.

The WPK and the government are not contented with the achievements they have made. They are striving to improve the material life of the popular masses and planning to put greater efforts into modernizing agriculture, the nation's arable land limited.

Kim Il-song's 'Korean Revolution' Meeting Marked

SK3006102594 Pyongyang KCNA in English 1012 GMT 30 Jun 94

["Historical Meeting Indicating Platform of Korean Revolution"—KCNA headline]

[Text] Pyongyang, June 30 (KCNA)—NODONG SINMUN today runs a by-lined article on the lapse of 64 years since the great leader President Kim Il-song convened the historical Kalun meeting on June 30, 1930 and put forward the platform of the Korean revolution.

Early in the 1930s, the anti-Japanese national liberation struggle of Korea urgently required a new guiding theory. This requirement was satisfied with the publication of "The Path of the Korean Revolution", a report of the great leader at the meeting of the leading personnel of the Young Communist League and the Anti-imperialist Youth League held in Kalun.

The article says: The great leader said they must have the firm stand and attitude that the undertakers of the Korean revolution were the Korean people and it must be carried out by the Korean people themselves in conformity with the actual conditions of Korea. This *chuche*-based stand and attitude was a starting point of the *chuche*-based lines and policies of the Korean revolution set forth by the great leader at the meeting.

In his report, he clarified the character and basic task of the Korean revolution and put forward the line of the

anti-Japanese armed struggle, the line of the anti-Japanese national united front and the independent policy of party foundation as the way for carrying out the Korean revolution with success.

The *chuche*-based lines and policies adopted and proclaimed as a platform of the Korean revolution at the Kalun meeting were an immortal banner in the struggle of the Korean communists to establish the *chuche*-based stand and attitude in the Korean revolution and open an era of independence.

The validity of the guiding idea and lines of the Korean revolution expounded by the great leader at the meeting had been proved in the difficult and complicated struggles through the anti-Japanese armed struggle and other stages of revolutions.

The Workers' Party of Korea is more firmly united than ever before, organisationally and ideologically, under the wise guidance of the dear leader Comrade Kim Chong-il and the Korean people are successfully carrying forward the revolutionary traditions of the anti-Japanese struggle, the article stresses.

Kim Il-song Greet Burundian Interim President

SK3006105594 Pyongyang KCNA in English 1035 GMT 30 Jun 94

[Text] Pyongyang, June 30 (KCNA)—President Kim Il-song of the Democratic People's Republic of Korea today sent a message of greetings to interim President Sylvestre Ntibantunganya on the 32nd anniversary of the Burundian independence.

President Kim Il-song wished the interim president and people of Burundi great success in their work for national reconciliation and unity and the country's stability.

Increased Coal Production in South Pyongan Noted

SK2906232694 Pyongyang KCNA in English 1509 GMT 29 Jun 94

[Text] Pyongyang, June 29 (KCNA)—Production is on the increase at the coal mines in South Pyongan Province, a leading coal producer of Korea.

Coal mines in the province including those in the Pukchang, Tokchon, Anju, Kaecheon and Sunchon areas produced 116,000 more tons of coal in recent two odd months than in the same period last year.

The Pukchang area coal complex boosted its coal output nearly 40,000 tons in this period up on the same period last year through a powerful high-speed tunnelling drive. The Anju and Kaecheon area coal complexes lifted the output 20,000 tons each through an effective control of equipment and technical control.

The coal mines in the province have secured one new pit and 19 new coal cutting districts to create an additional capacity of coal production of 1.2 million tons this year.

International Chuche Leader Praises Kim Chong-il

*SK3006104794 Pyongyang KCNA in English 1034
GMT 30 Jun 94*

[Text] Pyongyang, June 30 (KCNA)—Kenichi Ogami, secretary general of the International Institute of the Chuche Idea, told reporters on June 27 that dear Comrade Kim Chong-il who is possessed of great idea and theory, outstanding leadership ability and the spirit of devoted service to the people is, indeed, an outstanding leader in the age of independence.

He went on: "This year is a significant year in which falls the 30th anniversary of the start of work by the dear leader Comrade Kim Chong-il at the Central Committee of the Workers' Party of Korea. The past 30 years since he started party work were decades of victory and glory and proud decades recorded with great changes and miracles.

In this course the single-hearted unity of the leader, the party and the masses has been achieved, world-startling miracles wrought in all fields of socialist construction and the People's Army has grown in strength to be a matchless Army in Korea.

The Korean people are now confidently advancing along the road of socialism centering on the popular masses which they chose themselves, rallied close around the dear leader Comrade Kim Chong-il.

The leader, the party and the masses are firmly united into a socio-political organism in Korea.

The Korean people are smashing the moves of the enemies at every step with the might of single-hearted unity under the wise leadership of dear Comrade Kim Chong-il.

This gives to the progressive people of the world the strength and courage to fight the imperialists and the confidence that although a country is small, it can win victory when the entire people unite and fight against imperialism.

Importance of 'Revolutionary Outlook' Stressed

*SK2706141794 Pyongyang MINJU CHOSON in
Korean 3 Jun 94 p 2*

[Article by Pak Tong-chin: "Establishing the Revolutionary Outlook on the Leader by the Functionaries of Power Organs Is the Fundamental Condition for Being Infinitely Loyal to the Party"]

[Text] Today, all people across the country, with great pride and dignity of doing the revolution and upholding the great leader, are carrying out a vigorous march to

glorify, defend, and adhere to the socialism of our own style under the uplifted banner of single-hearted unity. For the functionaries of power groups, solidly establishing the revolutionary outlook on the leader is an important problem arising in the course of fulfilling their duty as the commanding staff of the revolution during the grand struggle and being infinitely loyal to the party.

The dear leader Comrade Kim Chong-il has taught: "In order for communist revolutionaries to accomplish the lofty mission and duty, they should firmly arm themselves with the revolutionary outlook on the leader."

The revolutionary outlook on the leader is a viewpoint and stance to correctly realize the fact that the leader is the center of the sociopolitical group's life and to render loyalty and filial duty to the leader. The power groups functionaries, who work as the commanding staff of the revolution thanks to the great confidence and solicitude given by the party and the leader, must firmly arm themselves with the revolutionary outlook on the leader.

Establishing the revolutionary outlook on the leader is a first character that should be cherished by the power groups' functionaries.

The functionaries' loyalty toward the party and the spirit of devoted service to the people are based on, and can be displayed and formed by the revolutionary outlook on the leader. Such an outlook can also be an important index showing a revolutionary's loyalty. A person with the firm revolutionary outlook on the leader could endlessly be loyal and faithful to the party and the leader and keep his revolutionary integrity in any adversity. A person without the revolutionary outlook on the leader, however, could vacillate when being faced with temporary ordeals and stumble onto the road of betrayal in stern times.

The functionaries of our power groups are commanding staffs who have learned the truth of the revolution and been brought up as true revolutionaries under the benevolent bosom of the great leader and the dear comrade leader. Therefore, they should deem it as their obligations never to forget the favors bestowed on by the party and the leader, to truly uphold the leader, and to devote their all for the revolutionary cause of the leader.

Establishing the revolutionary outlook on the leader by the functionaries of government organs is a important condition for endlessly glorifying their noble political life.

Only when the functionaries of government organs firmly arm themselves with the revolutionary outlook on the leader, can they deeply grasp the leader's greatness and immortal achievements, indefinitely share the destiny with the leader, and glorify their valuable life during the struggle to realize the leader's intentions and ideas. The noble character of doing the utmost to realize the leader's grandiose ideas on this land with a correct understanding that the socialist cause is the cause of the leader, and devoting his all wisdom and enthusiasm to

provide happy and prosperous life for the people, can only be cherished by the functionaries armed with the revolutionary outlook on the leader. Thereby, the functionaries with the revolutionary outlook on the leader could endlessly glorify the honor of being a faithful servant of the people and a true revolutionary on the lofty road of realizing the party's cause.

Establishing the revolutionary outlook on the leader is, above all, an important condition for the functionaries of power groups to uphold the party with conviction and sense of obligation.

An important perimeter for a revolutionary's loyalty toward the party is how sincerely one upholds the party with faith and fidelity. People involved in revolution should bear the loyalty toward the party as their faith and fidelity so that they could follow the party to the end without any pretense or betrayal, and unequivocally trust and worship the party and the leader with a flawless and clean mind under any severe trial.

Establishing a revolutionary outlook on the leader is very important to bearing the loyalty toward the party as faith and fidelity. Bearing the loyalty toward the party as faith and fidelity means establishing a revolutionary outlook on the leader and establishing a revolutionary outlook on the leader is the guarantee for bearing the loyalty toward the party as faith and fidelity.

Functionaries of power groups should establish the revolutionary outlook on the leader so that they could resolutely struggle to defend and safeguard the leader's authority based on scientific recognition and historical experience concerning the leader's position and decisive role in revolutionary struggle and construction works, and faithfully uphold the party without being shaken or bent through the changes of circumstances and without pursuing personal interests or fame.

Functionaries who uphold the party and the leader should have hearts that are always pure and true, never knowing of betrayal. People who always live and work with the same look, whether looking from the sides or front or the back, people who talk the same as the party whether they walk on a smooth road or on a road full of trial and act in concert with the party are genuine loyalists.

Establishing the revolutionary outlook on the leader is a prerequisite for the functionaries of power groups to become genuine loyalists. The revolutionary outlook on the leader gives us the faith that there is nothing that cannot be done in this world and we will win the revolutionary struggle without fail when we uphold the leader with loyalty and follow the road directed by the leader, and enables us to keep upholding the party as the natural duty of revolutionaries and as revolutionary fidelity no matter how the circumstances turn disadvantageous and no matter what difficulties we face. Therefore, functionaries of power groups should bear the revolutionary outlook on the leader so that they could ceaselessly foster the character to follow and uphold only

the party and the leader with the firm faith that their leader and party are the greatest.

Today, all the functionaries working at our people's power groups are admiring and upholding the dear leader Comrade Kim Chong-il, who is the destiny of the country and the nation and symbol of all victories and happiness, as the great leader and benevolent father of our revolution with endless respect and absolute admiration, and are devoting their all for the party and the leader while wholly entrusting their destiny to the dear comrade leader. Together with all our people, the functionaries of power groups are united as one in upholding the leadership of the party and the leader with loyalty while wholeheartedly singing the songs of faith and will "Without you, there is no fatherland" and "We will win only if we have you." This is a vivid picture that shows how strong is the faith and fidelity of our power groups' functionaries, who want to share their destiny with the leader to the end, and defend and safeguard the leader with their lives.

It is an important requirement for the functionaries of power groups to establish the revolutionary outlook on the leader in order to unsparingly display their unswerving devotion on the road of implementing the party's policy.

The socialist cause is a sacred struggle to realize the leader's revolutionary ideas and can be triumphantly advanced and completed only under the leadership of the party. Being loyal to the party is being faithful to the leader's ideas and leadership. It also means making a struggle to thoroughly implement the lines and policies put forth by the leader. Therefore, in order for the functionaries of power groups to become revolutionary fighters who unconditionally implement the party's lines to the end, they should thoroughly set up the revolutionary outlook on the leader.

One of the important characters of the functionaries who are faithful to the party is devoting their all for the struggle to actually implement the party's lines while being less outspoken. Promising with words to give loyalty and filial duty to the party and the leader while not carrying out the activities to actually implement the party's lines is like saying one thing and doing another.

If the functionaries of power groups truly intend to be loyal to the party, they must become those who actively support, ardently defend, and implement the party's lines and policies. In order to do so, they must thoroughly establish the revolutionary outlook on the leader. Only when they are equipped with the revolutionary outlook on the leader, can they fully accept the party's policies as the most just ones, highly display the revolutionary ethos of thoroughly implementing the party's policies without any petty excuses or reasons at the right time, and devote their all for the struggle to actually implement the party's lines by being deeply aware that fully implementing the party's lines and policies are the only road to achieve the victory of the socialist cause.

In addition, they can then realize the popular masses' independent aspiration and desire the way the leader intended; do their best for the popular masses to fully enjoy the socialist life in conformity with the natural demands of socialist human being; and exert themselves to fulfill their duty as faithful servants and messengers of the people. Also, they can display high sense of responsibility and creativity while implementing the party's policies; with tireless grit and enthusiasm, endlessly implement all tasks set forth by the party without stopping halfway through; and actively launch into the work of carrying out its duty to achieve good results and to indefinitely renovate. Thanks to these devoted struggles made by the functionaries of power groups for the implementation of the party's lines, the party's intentions have borne brilliant fruits in overall sectors of the socialist construction and our revolution has vigorously marched along the road of *chuche*.

The revolutionary character of our functionaries of power groups who struggle to fully implement the party's lines is truly lofty. The functionaries of power groups are working faithfully at their revolutionary posts entrusted on them, being deeply aware their revolutionary duty as faithful servants of the people. The slogan, "When the Party Decides, We Will Do!," has become the unwavering revolutionary will of the functionaries of power groups. Working and living in conformity with the slogan, "We Serve for the People!," has become an iron rule for the activities of the functionaries of power groups. This reflects the noble character of functionaries of power groups who devote themselves to implement the party's cause and glorify the true life of revolutionaries.

The functionaries of all power groups should intensify the work on establishing the revolutionary outlook on the leader to meet the development of the revolution. By doing so, they should fulfill their honorable duty and mission as true servants of the party and true messengers of the people.

Article Stresses Participation in Party Life

SK2406123794 Pyongyang NODONG SINMUN in Korean 29 May 94 p 2

[Article by Sin Un-chol: "The Masters of Party Organizations Are the Party Members Themselves"]

[Text] The dear leader Comrade Kim Chong-il has strengthened and developed our party into a lively revolutionary party which functions based on the high self-awareness and consciousness of the party member masses. All of our party members participate in party life sincerely with the high self-awareness that they are the masters of party organizations and are contributing actively to the strengthening and development of the party. This has been made possible because the dear comrade leader put forth an original ideology and theory on the party life and led party members wisely.

The dear leader Comrade Kim Chong-il has noted: The masters of party organizations are the party members themselves. The party members should participate in the work to strengthen party organizations with an attitude befitting a master. Through this process, the party members should discipline themselves continuously and foster the habit of following the organization's will and discipline as members of the party organization.

The party members are revolutionary fighters with self awareness who joined the party voluntarily with a resolve to devote all they have for the party, the leader, and the revolution. The party is the political organization in which the party members are united and in which the party members are the masters. Being the masters of the party organizations means that the party members realize the leader's ideology and leadership and actively contribute to responsibly solving all the problems in strengthening and developing the party.

Fulfilling the role as the master of the party organization is a proper revolutionary duty of the party member. The party members can unite around the leader organizationally and ideologically when they enhance their role as the masters of party organizations, and can brilliantly carry out their honorable mission as the vanguard fighters of the revolution and as the educators of the masses.

Having party members become the masters of party organizations is an important requirement to party building of the working class.

The working class party is a corporate body of party organizations, and the party organization consists of party members.

The party's strengthening and developing itself is in essence the organizational and ideological solidification of the party ranks and it depends upon the party members' high political and ideological preparedness and role. When the party members participate in the party organizational life with an attitude befitting a master and prepare themselves firmly as the *chuche*-type revolutionaries boundlessly loyal to the party and the leader, the party ranks can be solidified organizationally and ideologically and the party can display its might as a revolutionary party as strong as iron.

How party members carry out their mission and role as masters of the party organization is an important problem connected with the party's destiny. This is a precious truth shown by the historical lesson learned in the protracted building of the working class party.

Today, the revolutionary party life ethos is thoroughly established in our party. All the party members are sincerely participating in party life with high awareness of being the masters of party organizations. Through party life, they are continuously disciplining themselves and cultivating their mind in a revolutionary manner.

Our party members' revolutionary party life ethos is clearly demonstrated especially by respecting and treasuring the party organizations.

How party members regard the party organizations is an important problem to determine whether they can fulfill their role as masters. The party members should have correct awareness of party organizations and respect party organizations so that they can entrust everything to the party and discipline themselves by participating in party life with an attitude befitting masters.

The problem of how our party members should approach party organizations is not a problem of relations simply between party organizations and party members, but is a problem related to their position and attitude of approaching the leader [suryong], that is, the problem related to their views of the leader.

Party organizations rally party members around the leader [suryong], the center of social and political organisms, structurally and ideologically so that they can glorify forever their political life bestowed on them by the leader. Party organizations also lead all members of social and political collectives to realize the leader's ideology and leadership.

As the political life bestowed by the leader is maintained by party organizations and as the leader's ideology and leadership are realized through party organizations, our party members' attitude toward their party organizations is synonymous with their viewpoint and attitude toward the political life bestowed on them by the leader, that is, their position and attitude of accepting the leader's ideology and leadership. This is why our party members treasure their party organization and approach their party organization with dignity.

Following the lofty revolutionary spirit of Comrade Kim Chong-suk, the immortal communist revolutionary fighter, who mentioned early in the period of the anti-Japanese revolutionary struggle that even though one is arrested by the enemies and, consequently, one's physical life is gasped away, revolutionary organizations will live forever, the ethos of treasuring one's party organization as one's own life and sincerely participating in the organizational life in the party is being highly displayed.

Today, our party members approach their party organizations with dignity and are working and leading their life under the party's guidance and control, regardless of whether their position is high or low in the party and whether the period of their party life is long or short. Because of the existence of those party members who approach their party organizations with dignity, our party's unity and cohesion with the leader as its center has been firmly guaranteed.

The party life ethos of our party members who have the high awareness that they are the masters of party organizations also finds clear expression in the fact that they are participating in the party life voluntarily and sincerely.

Party life is not only the political life of party members who are firmly linked with the leader, the center of the social and political organism, structurally and ideologically, but is also a revolutionary activity to add luster to their political lives. How sound the party is determined by how sincerely party members participate in their party life as befitting the master.

Party members are to constantly receive the leader's ideology and leadership in the course of their party life and to actively struggle for their realization. The party life of party members is precisely the process of upholding the leader's ideology and leadership. Only when they participate in party life voluntarily can party members be loyal to the party and the leader and add luster to their political lives.

The ideological and spiritual ethos of our party members who are leading party life with the awareness and attitude of being the master has reached an incomparably lofty plane. Our party members' true appearance today is that they voluntarily and sincerely participate in party life and, thus, constantly cultivate their party spirit, cherishing in their hearts the title of being members of the Workers' Party.

Our party members are sincerely participating in their party life with the high dignity and honor of being the vanguards who uphold the dear leader Comrade Kim Chong-il.

Fish cannot live without water. Likewise, apart from their party organizations, party members cannot live even for a moment. Today, keeping such a viewpoint and position in mind, our party members are sincerely leading their party life wherever and whenever—regardless of whether someone sees it or not. This is precisely our party members' party life ethos. Our party members are making active efforts to become genuine revolutionaries with high party spirit like Comrade Yi Kun-mo who did not knuckle under, even to the slightest degree, to all sorts of brutal torture and appeasement by the enemies, while taking loyalty to the party and the leader as his revolutionary faith and obligation as he had pledged before the party. In this course, the ranks of genuine revolutionaries who are adding luster to every moment of their living with loyalty to the party and the leader are constantly increasing.

Reality clearly shows that the valuable life of revolutionaries who are upholding the party's leadership with loyalty, cherishing invariable, single-hearted loyalty of following the party and the leader, lies precisely in sincerely carrying out party life with a lofty review of party organizations.

The party life ethos of our party members who have the lofty awareness of being the masters of party organizations finds clear expression also in the fact that they are implementing party decisions and instructions unconditionally and thoroughly.

Party life is, in essence, party members' activities to implement party decisions and instructions. Party members cannot think of their party life apart from their work to implement party decisions and instructions.

To unconditionally accept party decisions and instructions and to implement them to the end, it is imperative for party members to thoroughly establish a revolutionary party life ethos.

Implementing party decisions and instructions unconditionally and thoroughly is party member's due obligation and revolutionary attitude. Today, our party members are unconditionally accepting the party's line and policy and party decisions and instruction, and they are also thoroughly implementing them without the slightest faltering. The course of our party members' daily party life is permeated with their desire to implement the party's ideology and policy to the end.

We can witness many faithful party members who are vigorously taking the initiative in implementing the party's policy at all outposts and work sites of the revolution and construction and who have become the cornerstone and pillar which are upholding the party's leadership.

Today, our party members are rushing of their own accord to most difficult and backbreaking outposts where the party is calling them, and they have been firmly defending day and night the outposts of the revolution designated by the party for scores of years without expecting any honor and reward. This clearly shows that the ideological and spiritual world of our party members to accept party decisions and instructions as most correct ones and to unconditionally implement them even under any difficult circumstances is being manifested at a lofty plane.

That the party's line and policy have been more properly implemented in our country and the socialist cause has been resolutely safeguarded and defended even amid formidable storms is because the party's might is being constantly deepened.

All party members should more thoroughly embody the ideology and theory on party life expounded by the dear leader Comrade Kim Chong-il and, thus, should vigorously demonstrate the invincibility of our party's might and our own style socialism.

Giving Assistance to Rural Areas Stressed

SK2606214094 Pyongyang NODONG SINMUN in Korean 30 May 94 p 3

[Article by Pak Hae-song: "Giving Assistance to the Rural Areas and the Ultimate Solution of Rural Problems"]

[Text] Strengthening support to the countryside is our party's principled line and is one of the basic principles set forth in the rural theses.

In his classic work "For the Ultimate Solution of the Rural Problems Under the Banner of the Socialist Rural Theses," the great leader Comrade Kim Il-song has set forth the tasks on further strengthening assistance to the countryside to meet the new demands of socialist rural construction.

The great leader Comrade Kim Il-song has taught: "Giving assistance to the rural areas must be further stepped up in conformity with the development of socialist rural construction onto a new higher level."

Giving assistance to the rural areas is, in essence, the work of realizing the working class' guidance to the peasantry, the industry's assistance to agriculture, and the towns' support to the countryside. This is one of the important tasks arising before the party and people of the working class in the socialist and communist construction.

Giving support to the rural areas is an important problem arising from the nature of the socialist society.

Socialist society is a society based on collectivism. The essential characteristic of the socialist society is the fact that the popular masses, including the working class, form a sociopolitical body, and help and lead each other forward. Proceeding from this, the socialist society requires the working class and the peasantry to mutually cooperate and jointly develop.

In the socialist country, the rural areas lag behind the towns in every aspect. Such being the case, it is important for the working class to actively support the peasantry, industry to agriculture, and the towns to the countryside. When these are realized, the working class and the peasantry will become united and all people will be solidly united under the leadership of the party and the leader for the eternal development of socialist society.

Strengthening assistance to the rural areas is a requirement of the law aimed at achieving the complete victory of socialism by triumphantly carrying out the socialist and communist construction.

In order for the working class' party and people to successfully develop socialism and communism, they must correctly solve the rural problems without fail. The destiny and future of the socialist cause depend on how the rural problems are solved.

The rural problems are the problems of the peasantry and agriculture. Correctly solving the rural problems under socialism will eliminate the distinctions between towns and rural areas, and the working class and the peasantry. This will also enable socialism to achieve the complete victory and to fully display its vitality and might. The socialist rural problems are part of the historic cause for the complete victory of socialism, and tasks that should be continued to be carried out during the period of transition to socialism.

In order to brilliantly solve the problems that occupy an important position in socialist and communist construction, we should strengthen the work on giving assistance to rural areas.

In order to ultimately solve the rural problems under socialism, the peasantry should be revolutionized and assimilated into the working class, agriculture should be industrialized and modernized, and all-people ownership should be realized. This is a difficult and enormous work that accompanies great social, economic upheaval and serious great human reform in the rural areas.

It is not easy to eradicate all sorts of backwardness from agriculture and to solve the rural problems. This can only be brilliantly solved by strengthening the work on giving assistance to the rural areas under the correct leadership of the working class' party and state. In the socialist society, we must continue to support the rural areas until they reach the level of towns in all spheres. When the working class leads the peasantry politically and ideologically, industry actively supports agriculture, and the towns give vigorous support to the rural areas, we can then eliminate the distinctions between the peasantry and working class, industry and agriculture, towns and rural areas, and realize a classless society.

If the rural problems are neglected and rural areas are not well supported in a socialist society, it is impossible to remove the gap between the working class and farmers, between industries and agriculture, and between urban and rural areas. In addition, capitalism is apt to be rehabilitated in rural areas under such a condition, and it will bring an extensive consequence in overall socialist building. This is a serious lesson learned from those countries where socialism has been frustrated.

Today, our country has brilliantly solved socialist rural problems and has made great victories and successes in rural construction because it has constantly strengthened rural assistance under the wise leadership of the party and the leader.

In the rural theses, the great leader considered it a basic principle in solving rural problems to vigorously support rural areas, and he has led the course of brilliantly realizing it. The dear leader Comrade Kim Chong-il, who has been realizing the rural theses presented by the great leader, accelerated the revolutionization of farmers and the working class, as well as strengthened rural strongholds. At the same time, the dear comrade leader strengthened the material and technological basis of the rural economy by sending many modern farming machines to rural areas, and has energetically led them to constantly elevate the level of rural economic management and operation.

Our country under the wise leadership of the party and the leader has successfully accelerated the very difficult rural construction with the vigorous support by the entire party, the entire Army, and all the people, and today it has reached a high peak toward an ultimate

solution of rural problems. This clearly proves the justness and vitality of our party's idea on rural assistance.

Strengthening rural assistance is a very important question raised particularly by today's practical demands of our country's socialist rural construction.

Under the wise leadership of the party and the leader, the appearance of our country's rural areas has thoroughly changed, and our rural areas have undergone a cataclysmic change. All farmers are now firmly armed with our party's chuche idea and vigorously struggle to realize the party's great idea on the rural construction while helping and leading one another, based on collectivism. With the vigorous support by the chuche industry, the material and technological ground of the rural economy has been extremely strengthened, and the industrialization and modernization of agriculture has been actively promoted. Thus, the century-long gap between urban and rural areas has been continuously narrowed, and our farmers are enjoying independent and creative lives to their hearts' content.

Our party and people have achieved a decisive success in implementing the rural theses, and our country's socialist rural construction has entered a new developmental stage. Today, we are faced with the task, a mature requirement, of ultimately solving rural problems by consolidating and developing the success we achieved in the struggle to implement the rural theses. A historic success will be achieved in the socialist rural construction when our people further consolidate the occupied strongholds and exert themselves to carry out a new struggle. This reality of our country's rural construction requires all the people to hold firm faith and optimism in certain victory and to further strengthen their rural assistance to ultimately solve rural problems.

To intensify the guidance to the working class is more important than anything else in vigorously carrying out rural assistance.

It is a historic mission of the working class to guide farmers to the road of socialism and free them from exploitation and pressure and to achieve a classless society after removing the class gap between the working class and farmers by revolutionizing the farmers. In order to fulfill its mission, the working class should intensify the guidance to farmers.

What is important in giving guidance to farmers is for the working class to revolutionize farmers, as well as model them after socialism and the chuche idea by intensifying its political and ideological guidance to them. The class gap between the working class and farmers can be removed, and social and political equality can completely come true when the working class enhances its revolutionary spirit, organizational characteristic, and cultural attributes, and when it, as the leading class of the revolution, gives correct political and ideological guidance to farmers.

At present, to strengthen industries' material and technological support for the rural economy is also important in rural assistance.

The agricultural production capacity of a socialist society follows the development of its industrial production capacity, and industries' material and technological support is a basic requirement for industrializing and modernizing agriculture. Without vigorous help from industry, it is impossible to constantly strengthen the material and technological ground of agriculture and to industrialize and modernize agriculture.

In order for industries to actively support agriculture, the might of the *chuche* industry should be enhanced. In particular, it is important for industries to give vigorous support for industrializing and modernizing agriculture by further developing industrial sectors that directly serve the rural economy—such as sectors of producing tractors, automobiles, modern farming machines, and chemical fertilizer. It is also an important question for all industrial sectors to actively support the rural economy both materially and technologically in accordance with the party's agriculture-first policy and to give priority to producing and supplying fuel, power, facilities, and materials required for agricultural production and rural construction.

At the same time, the following questions are being raised in strengthening rural assistance: To improve goods supply to rural areas; to correctly set prices of industrial goods and purchasing prices of agricultural products; to actively support rural areas by cities; and to equally elevate the living conditions of both workers and farmers. When these tasks of rural assistance are successfully implemented, a new victory can be achieved in rural construction, and the historic cause of ultimately solving rural problems can be accomplished.

Our party's idea on rural assistance has already turned into a great material agency [*mulchilchok* him] in our country, and its vitality is being greatly demonstrated day after day.

All party members and working people should bear deep in their hearts the justness of the party's idea on rural assistance and should more vigorously support rural areas in all domains—political, economic, and cultural. By doing so, they should actively contribute to brilliantly solving socialist rural problems.

South Korea

'Critical' Confrontation at 28 Jun Contact Noted
SK3006015394 Seoul THE KOREA TIMES in English
30 Jun 94 p 2

[By staff reporter Son Key-yong]

[Excerpt] The landmark moment when chief delegates from South and North Korea exchanged texts of the agreement for an inter-Korean summit was greeted by a

round of loud applause by other delegates and reporters watching the scene. It was a far cry from previous inter-Korean talks which had left those taking part in them with an unbearable sense of bitterness. A South Korean official called the day's event "big bargaining."

Following are the highs and lows of the 11-hour political drama which took place at the Peace House in the southern side of the truce village of Panmunjom from 10 a.m. Tuesday.

The most critical and spine-chilling part of the drama was the two-hour-long confrontation between North Korean delegate An Pyong-su and his South Korean counterpart Yun Yo-chun.

In an exclusive afternoon meeting, the two delegates exchanged a barrage of fierce accusations resulting from discrepancies in interpreting what had been discussed during the morning session.

"Upon witnessing the fierce arguments, I thought the preliminary talks might completely break down," a National Unification Board official told reporters.

The bone of contention was the North's insistence that the agreement for the inter-Korean summit must contain a phrase that the South should refrain from any acts marring the "atmosphere for the highest-level talks."

South Korean delegates sternly opposed the North's demand because the phrase, if included in the agreement, would give Pyongyang chances of unilaterally calling off the talks under the pretext of possible U.N. sanctions or military exercises by South Korea or the United States on and near the peninsula.

To add fuel to the already fierce arguments, the North Korean delegate expressed deep regrets over an article released by a local daily, which mentioned the North Korean leader's bulging benign tumor on his neck. Any references to Kim's tumor is taboo in North Korea where Kim and his Son Chong-il are revered as the "Great" and "Dear" leaders respectively.

As the two delegates failed to narrow their differences, chief delegates Yi Hong-ku and Kim Yong-sun met again in an exclusive contact and reached a compromise on the "atmosphere" issue. [passage omitted]

Reports on N-S Summit Preparations Continue

President Seeks National Consensus

SK3006051794 Seoul YONHAP in English 0506 GMT
30 Jun 94

[Text] Seoul, June 30 (YONHAP)—To prepare for his historic talks with North Korean President Kim Il-song in Pyongyang late next month, President Kim Yong-sam will have a series of meetings with the elders of the political and diplomatic circles and experts on North Korean affairs, to hear their opinions.

Kim will do so because he believes the first inter-Korean summit since the nation was divided in 1945 would not pave the way for inter-Korean reconciliation and cooperation toward unification unless he gained nationwide support, Chongwadae officials say.

On the list of people the president will meet are former Prime Minister Chong Won-sik and other chief delegates and delegates to past inter-Korean contacts, such as Red Cross and premiers' meetings.

Former Presidents Choe Kyu-ha, Chon Tu-hwan and No Tae-u are also on the list, along with National Assembly Speaker Hwang Nak-chu, Chief Justice Yun Kwan and Prime Minister Yi Yong-tok.

Kim will meet former Foreign Ministers Kim Tong-cho, Pak Tong-chin, Kim Yong-sik, Choe Kwang-su and Choe Ho-chung to hear them speak of their experience in inter-Korean relations while in office.

On Wednesday, Kim received the new parliamentary leaders at his Chongwadae office to exchange opinions on the upcoming summit.

The Chongwadae staff plans to collect and analyze the views of the Advisory Council on Democratic and Peaceful Unification and other unification-related organizations, political, journalism, academic and diplomatic societies and even the military regarding the historic Pyongyang summit in an attempt to help the president be well prepared.

President Kim will create a national consensus in getting ready for the summit by meeting as many people as possible to hear their opinions, said a Chongwadae official, who added that the nation must focus on achieving a successful inter-Korean summit.

North 'Card' for Talks Analyzed

SK3006003694 Seoul CHUGAN CHOSON in Korean
30 Jun 94 pp 12-14

[Article by political affairs desk reporter Pak Tu-sik: "Why Did North Korea Put Forward a 'North-South Summit' Card?"]

[Text] We cannot but say that the visibility of the North Korean nuclear problem is zero. Even until a day ago, a feeling of an impending war crisis prevailed among ROK citizens. Despite President Kim Yong-sam's stern denunciation of North Korea's nuclear policy and emphasis on a "water-tight ROK-U.S. security posture and North Korea's miscalculation" during his visit to Russia and Uzbekistan from 1 to 7 June, the ROK people's reaction did not seem very serious. Government, ruling Democratic Liberal Party, and leading press figures, described it as "security apathy."

About a week later, however, the situation reversed itself. All appearances seemed to indicate that the people's sense of uneasiness reached a peak around 15 June

when food and cooking utensils for emergency situations, such as instant noodles, ran out of stock in certain densely-populated areas. Nevertheless, the people's sense of uneasiness did not last more than a day, as news of the results of talks between former U.S. President Jimmy Carter, who visited North Korea from 15 to 18 June, and North Korean President Kim Il-song, became available.

The North-South summit may epitomize the reversal in this situation. After issuing repeated warnings of North Korea's downfall, President Kim Yong-sam did not hesitate in accepting President Kim Il-song's message regarding a North-South summit which was sent via former President Carter on the afternoon of 18 June. It is too much to expect ordinary people to accurately comprehend how a situation that was blazing ahead toward a nuclear crisis, magically shifted to the discussion of summit talks between the highest authorities of the North and the South.

No one, at least no one within the ROK Government, appears to have imagined that a North Korean message regarding "a North-South summit" would be contained in the baggage of Jimmy Carter upon his return to Seoul on the morning of 18 June through Panmunjom after visiting North Korea for three nights and four days. In fact, it would probably be more accurate to say that, prior to his return to Seoul, the ROK Government had quite a few misgivings about his visit to North Korea. This was because Carter's remarks, as reported on U.S. CNN broadcasts, were enough to make the ROK Government uncomfortable. During talks with Kim Il-song aboard a yacht along the Taedonggang River, Carter was reported as saying that "measures for sanctions by the UN Security Council were suspended," and while clearly stressing his "personal status," while in Pyongyang, he acted as though he were a special envoy for U.S. President Clinton. In addition, while the U.S. Government continually put forward a hardline stance against North Korea by stressing the inevitability of sanctions, and even finalized a draft on sanctions by the UN Security Council on 14 June, only two days later, on 16 June, President Clinton was emphasizing the "possibility of resuming dialogue." Such an abrupt change in the attitude of the U.S. Government disappointed the ROK, and since the reversal in the situation was initiated by the report of Carter's visit to North Korea, it appears that relevant government officials were strongly dissatisfied with Mr. Carter.

Arriving in Seoul on 18 June under these circumstances, Carter met with President Kim Yong-sam and delivered President Kim Il-song's message expressing his willingness to hold summit talks. Carter said that President Kim Il-song expressed gratitude to President Kim Yong-sam for having proposed summit talks and that President Kim Il-song hoped that the top leaders of the North and the South could meet as soon as possible so that President Kim Yong-sam's proposal might come true. President Kim Il-song was quoted as saying: "The sooner, the better. Let's meet without conditions."

On hand at the meeting between President Kim Yong-sam and Carter were the high-level foreign and national security policymakers of the ROK Government, such as Foreign Minister Han Sung-chu, and Senior Presidential Secretary for Foreign and National Security Affairs Chong Chong-uk. President Kim Yong-sam accepted this abrupt proposal on the spot, much to the surprise of everyone there. When the news of this was made public, many people within and without the ROK Government expressed more concern than expectations. The prevailing feeling was that realizing the inter-Korean summit was not as simple as the remark that "a summit of the top leaders of the North and the South can be realized if they are willing to meet and talk candidly." They worried about how North Korea would react.

Nevertheless, it seems that the government policymakers immediately undertook developing the logic on the need for an inter-Korean summit with as much vigor as President Kim Yong-sam. The relevant government officials watching the trend of public opinion, were hesitant, and did not conceal their concern about the ensuing situation, but the situation began to evolve on 19 June so that the early realization of an inter-Korean summit became the set course. Policymakers decided at the Unification and Security Policy Coordinating Committee meeting held on the morning of Monday, 20 June, to propose to the North side that a working contact for the inter-Korean summit talks be held at the House of Peace in the South side area of Panmunjom on 28 June. The South side informed the North side that the working contact delegation would be headed by Yi Hong-ku, prime minister and minister of National Unification Board [NUB]. The swift developments in the situation led people to believe that an inter-Korean summit was not a difficult thing to achieve.

For the second time this year alone, the offensive and defensive battle over the North Korean nuclear issue has been fought between two extremes—sanctions on North Korea and dramatic dialogue on an inter-Korean summit. To those who witnessed the battle during the No Tae-u government which constantly desired an inter-Korean summit, the see-sawing is not unfamiliar. It may be natural and necessary for the top leaders of the two sides to meet and try to solve the problem since the situation developed to the critical point where sanctions were imminent. However, the recent history of endeavors for an inter-Korean summit reminds us how dangerous this common sense-based thought can be.

For instance, let us look into the negotiation process on the inter-Korean exchange of special envoys which began with North Korea's abrupt proposal in May last year. The proposal was made at a time when the ROK Government had proposed resuming North-South Joint Nuclear Control Committee meetings pursuant to the UN Security Council resolution that "the countries concerned shall engage in dialogue with North Korea, but if there is no success in the dialogue, the international community will take additional steps (denoting sanctions)" and in preparation for U.S.-North Korean

dialogue. The North Korean strategy countering this was its proposal to "hold a meeting for the exchange of special envoys designated by the top leaders of the North and the South." There was considerable divergence of opinion on this between the hawks and doves both in and out of the government, and wrangling continued for months between the North and the South. The ROK Government finally accepted the proposal for an envoy exchange in October that year.

When the ROK took a positive attitude on the proposal, North Korea began to shy away. The North side abruptly came up with preconditions. They demanded an apology from President Kim Yong-sam for his remarks on the North Korean nuclear issue, and began demanding that the international alliance be abandoned. The inter-Korean talks achieved little success in these skirmishes. In the U.S.-North Korean working contact held in New York last February, the two sides included the "inter-Korean exchange of special envoys" in the package deal negotiation that called for the North Korean acceptance of the International Atomic Energy Agency [IAEA] inspection and the suspension of the Team Spirit exercise, and the North and the South began to hold a full-fledged contact in March. As is well known, the negotiations broke down in resentful antagonism touched off by the North delegate's remark that "Seoul would become a sea of fire." The ROK Government finally gave up the "envoy exchange."

This is a good example that vividly shows what a hasty optimistic view it was to expect that if the ROK acceded, North Korea's proposal for an inter-Korean exchange of special envoys would be realized.

We experienced similar circumstances in the process of promoting inter-Korean summit talks previously. It has been a recurring phenomenon ever since the issue of an inter-Korean summit was first mentioned at the North-South Coordinating Committee in 1972, and has lasted through the Chon Tu-hwan and No Tae-u governments. Our side would first propose dialogue, North Korea would pretend to show interest, some progress would appear to be made, the dialogue would break down, the North would reject dialogue, and the two sides would blame each other. This situation repeated itself. Toward the end of the Sixth Republic, North Korean Vice Premier Kim Tal-hyon came to Seoul, and prior to this, Mr. Kim U-chung, chairman of the Daewoo Group, visited North Korea as a government emissary. Government officials in the foreign and national security fields at that time were energized as they thought an inter-Korean summit was at hand, but it eventually ended in failure.

No one can predict if the inter-Korean summit presently under discussion will undergo a similar process. The proposal for an inter-Korean summit surely involves a highly strategic and tactical North Korean scheme, whose true motives cannot be precisely anticipated by anyone.

We can, however, make a few inferences. First, we should note that North Korea made it clear to Carter that North Korea will hold nuclear talks with the United States in the future. Carter explained that Kim Il-song said there will be no additional nuclear activity during the U.S.-North Korean dialogue and demanded that the United States assist North Korea in replacing its reactors with light-water reactors, and that the United States officially guarantee that no nuclear attack will be waged against North Korea.

North Korea, which has now withdrawn from the IAEA, can be said to be in a much more comfortable position to concentrate efforts on talks with the United States. In this connection, we can assume that Kim Il-song may have proposed summit talks to the South to use President Kim Yong-sam as a supporting actor in its nuclear talks with the United States. If this is the case, North Korea will be more active than ever to realize the summit talks.

Second, North Korea may have shown enthusiasm for summit talks in order to deflect international sanctions. If this is the case, North Korea will try to prevent the United Nations from discussing sanctions by neither agreeing nor rupturing negotiations for the inter-Korean summit talks, thereby keeping negotiations in an ambiguous state.

Third, North Korea may have made the proposal for the inter-Korean summit talks as a way to drive a wedge between the ROK and the United States and to demolish the international alliance, while taking no interest in the summit talks themselves. If this is the case, North Korea will probably maintain a rigid position right from the outset of the working negotiation, making absurd demands calling for the abolition of the National Security Law, the abandonment of the international alliance on the nuclear issue, and President Kim Yong-sam's apology for his critical remarks on North Korea. In this case, criticism will rise at home and abroad against our government for its "hasty" acceptance of the North Korean overture. This is probably what North Korea is aiming for—to confuse our government policy and heighten people's distrust.

ROK Government officials concerned think that all three motives are contained in President Kim Il-song's proposal for an inter-Korean summit. Therefore, they have set up a working strategy that the stance for the inter-Korean summit should be clear and resolute.

What we should not overlook in this process is that the U.S. strategy in dealing with the North Korean nuclear issue has begun to change with Carter's visit to the North serving as a turning point. The essence of this change seems to be that the United States, which had maintained a tough position of demanding clarification of all of North Korea's nuclear activities in the past, is concentrating on stopping North Korea from producing nuclear weapons in the future. This was revealed clearly in the remarks by President Clinton and U.S. Assistant

Secretary of State Gallucci, which assessed Carter's message as follows: "North Korea promised to freeze its nuclear activity while the U.S.-North Korean dialogue is in progress, and this is a positive development."

Special inspection of the two undeclared sites in Yongbyon and inspection of the fuel rod replacement are intended to clarify the amount of material used for the production of nuclear weapons (plutonium) North Korea extracted. The sanctions considered by the UN Security Council are intended to clarify North Korea's past activity by applying pressure. After Carter's North Korean visit, however, the U.S. Government began to show that it may not insist on sanctions.

President Kim Yong-sam stated: "We must not tolerate North Korea's having even half of a nuclear bomb." This is the basic stance of the ROK Government on the North Korean nuclear issue. This explains why our government is experiencing anxiety over the present U.S. attitude. This was considered most seriously in the Unification and Security Policy Coordinating Council meeting held on 20 June in which intensive work was done on the issue of holding the inter-Korean summit. Therefore, it has been learned that the government changed its position toward actively promoting the inter-Korean summit.

Dailies on Government Position

SK3006070194

[Editorial Report] The following is a compilation of reports and articles carried in Seoul vernacular newspapers on 30 June on the ROK Government's position and plans regarding the North-South summit to be held in Pyongyang from 25 to 27 July as agreed during the 28 June preliminary contact at Panmunjom.

The conservative CHOSON ILBO publishes on page 1 a 300-word report by Kim Chang-ki on remarks of relevant high-ranking government officials revealing President Kim Yong-sam's plan to take up the issue of "preventing a war from breaking out on the Korean peninsula and consolidating durable peace" as a top priority for the summit talks. The officials pointed out that "President Kim Yong-sam will give top priority to the issue of converting the present armistice status into a peace system, and discuss the issue of replacing the Armistice Agreement concluded between the UN Forces and the communist side with a peace agreement between the North and the South." The report writes that, according to the officials, this peace agreement will not be concluded during the Pyongyang summit, but will be turned over to working-level officials for further discussions. With a view to emphasizing observation of the North-South declaration for denuclearization of the Korean peninsula, President Kim Yong-sam "will repeatedly call for implementation of mutual nuclear inspections between the North and the South."

CHOSON ILBO also publishes on page 3 a 1,700-word article by reporter Kim Chang-ki entitled "The ROK

Government's Position Toward the North-South Summit." The article writes that although President Kim Yong-sam's ideas and plans regarding the summit have not been made public at all up to now, it is highly likely that he will discuss "the issue of peace on the Korean peninsula" with priority at the talks with Kim Il-song, judging from his repeated emphasis on this issue in the past. The article notes that President Kim Yong-sam's emphasis on peace is also related to his position that "the South will not attempt to unify the nation by absorbing the North." The article observes that President Kim Yong-sam's emphasis on prevention of war and maintaining peace has been prompted by his belief that as long as the war does not break out, time will advance "in our side's favor." Noting that President Kim Yong-sam is not planning, nor expecting any "concrete agreement" to be reached during the Pyongyang summit, the article refers to remarks of President Kim's close staff that the meeting between Kim Il-song, whom the North Korean people have worshipped as "the sun of the nation" for the past 50 years, and the ROK President, whom they regard as "a puppet of the U.S. imperialists" and as "a traitor of the nation," itself will give an "enormous shock" to their society. The article then points out that through forthcoming talks, President Kim Yong-sam will likely try to bring about a "symbolic agreement" on several issues including the nuclear issue, the issue of reunion of separated families, and the issue of economic cooperation and exchange. However, the most significant agreement that President Kim will likely push for would be "the establishment of a hot line between the top leaders of the North and the South."

CHOSON ILBO publishes on the same page a 1,000-word article by reporter An Hui-chang entitled: "North Korea's Intention Behind the Summit." The article writes that North Korean President Kim Il-song, who has been passive toward a North-South summit in the past, made this proposal this time "without any condition." The article analyzes the reasons behind this, stating that Kim's decision was prompted by the idea that the North Korean system can be maintained only by changing the existing strategy toward South Korea and by designating priority tasks of first, "securing the position as a potential nuclear power"; second, "improvement of relations with the United States"; and third, "relaxing confrontation with South Korea." Having achieved the first two goals, Kim Il-song has now turned up for a dialogue with the South. Another reason is that as ROK President Kim Yong-sam has repeatedly stressed that he will not adhere to national reunification through absorption, Kim Il-song might have wanted to hold a dialogue for reunification.

However, the article continues, one may draw a negative interpretation that all this is merely another form of North Korean strategy for "liberation of South Korea," and that by holding a summit in Pyongyang, Kim Il-song is trying to enhance North Korea's "legitimacy" and by taking advantage of legitimacy, he may demand "abolition of the National Security Law" and "U.S. troop

withdrawal." Besides, some observers analyze that "Kim Il-song responded to the summit in order to avoid international sanctions and to lay a stepping-stone for a package solution during the third round of North Korea-U.S. talks."

The moderate TONG-A ILBO publishes on page 1 a 1,000-word report on the government reviewing a plan to allow ROK businessmen to visit North Korea and small-scale North-South economic cooperation, if the top leaders of the two sides agree in a lightning manner on resumption of the North-South Nuclear Joint Control Committee. In addition, the government will allow full-scale North-South economic cooperation in the event that "positive progress is seen in North-South mutual nuclear inspections." The report continues, however, that the government will refrain from raising the "past issues," including the Korean war, to attain progress in talks. The government is also reviewing a plan to propose to the North Korean side the establishment of a hot line between military authorities of both sides. The article writes that when a North-South summit is realized, the government will drastically expand "the fund for North-South exchange and cooperation," which has reached 115.2 billion won up to the present, to the scope of "one trillion won."

TONG-A ILBO also publishes on page 3 a 1,600-word article by reporter Pak Chae-kyun entitled: "North-South Summit Dialogue—Seoul and Pyongyang Have Become Close." Noting that the first North-South summit will likely be held in Kumsusan Assembly Hall, President Kim Il-song's palace, in Pyongyang, the article writes that the ROK plans to propose that one delegate accompany each top leader to the summit and that the North side is not expected to oppose this plan at present. The article continues that when President Kim Yong-sam visits a foreign country, he is usually accompanied by approximately 100 security guards; however, North Korea will not likely accept such a huge number of bodyguards. During the first-day talks with Kim Il-song, President Kim Yong-sam may raise "the issue of conducting mutual nuclear inspections between the North and the South, and resumption of the North-South Joint Nuclear Control Committee," as well as resumption of North-South high-level talks and of North-South joint committees. The issue of "opening a hotline between the North and the South" may also be discussed. Pointing to a possibility of Kim Il-song's raising the issue of receiving support for light-water reactors, the article notes that the South side may express the position to affirmatively review the North Korean demand. The article also observes that "the result of North Korean-U.S. talks will have a great impact on the decision to hold a second round of the North-South summit" and that "when all this proceeds satisfactorily, the ROK Government will raise reunification methods, including formation of a North-South alliance."

TONG-A ILBO publishes on page 3 a 1,400-word article by reporter Kim Cha-su, under the headline: "The ROK Government Measures for the North Korean Nuclear

Problem During the North-South Summit." The article stresses that although no concrete agenda items were designated for the summit, the North Korean nuclear issue should be discussed urgently at the summit. The government will likely urge the North Korean side to implement the joint declaration for the denuclearization of the Korean peninsula, and to agree on procedures and methods for North-South mutual nuclear inspections by resuming activities of the Joint Nuclear Control Committee. The government's efforts, concentrated on implementation of the joint denuclearization declaration, are intended to take the initiative in resolving the North Korean nuclear problem by overcoming the situation in which the ROK Government has been excluded from the discussion of the problem in the past.

The article refers to remarks of experts in North Korean affairs calling on the government to "raise the nuclear issue without fail during the North-South summit," because the building of genuine trust and realizing cooperation are impossible as long as suspicions of the North's nuclear program remain between the North and the South, and because North Korea may possibly express its position to "separate its nuclear issue from North-South relations." The article writes that "emphasis on North-South cooperation for the peaceful use of nuclear energy will help solve the North Korean nuclear problem."

The moderate KYONGHYANG SINMUN publishes on page 3 a 1,800-word article by reporter Yi Sung-chol entitled: "What Will Be Discussed During the North-South Summit." The article anticipates that since President Kim Yong-sam cannot ignore the people's aspirations to see "transparency of the North Korean nuclear problem," he may have to raise the North Korean nuclear issue first at the summit. Besides, in the event that President Kim does not raise this issue, the international community, including the United States, will certainly direct a suspicious eye toward the ROK Government, in view of his repeated emphasis that "he will not hold dialogue with North Korea if it possesses even a half of a nuclear weapon." The article points out the possibility of North Korea's mentioning that the U.S. Forces in South Korea possess nuclear weapons and the Team Spirit exercise, branding it as a nuclear war exercise, although the possibility of North Korea's mentioning its own nuclear problem is very slim. The article observes that the greatest factor deciding the degree of discussion of the North Korean nuclear problem is the third round of U.S.-North Korean high-level talks slated for 8 July in Geneva. The government's burden for the summit will be significantly reduced if measures are sought during U.S.-North Korean talks for ensuring North Korean nuclear transparency.

A ROK Government official pointed out that "the North Korean nuclear problem is so hot that the top leaders of the two sides may mention only its basic aspect. We cannot rule out the possibility of this issue becoming a major point at the summit according to progress in North Korean-U.S. talks."

DLP Chairman on Talks Importance

SK3006081094 Seoul YONHAP in English 0758 GMT
30 Jun 94

[Text] Seoul, June 30 (YONHAP)—Ruling Democratic Liberal Party [DLP] Chairman Kim Chong-pil said Thursday the upcoming inter-Korean summit should lead to the normalization of dialogue channels already agreed by the two sides.

In a policy speech delivered at a National Assembly plenary session, he also said the summit should lay a firm foundation for "increased South-North economic cooperation... for co-prosperity."

The two leaders must seek a solution to humanitarian problems, such as letter exchanges and reunions involving families separated across the Demilitarized Zone, Kim remarked.

Declaring that "Our basic stance and principle regarding the pending inter-Korean issues, including the nuclear row with North Korea, should be firm," he stressed, "What's most important is the complete solution of the North Korean nuclear issue."

"North Korea must not be allowed to have nuclear weapons, small or large in quantity, and the transparency of its present and future—and even past—nuclear activities must be guaranteed," he said. Kim urged the North to permit not only regular and special U.N. checks of its nuclear facilities but also mutual nuclear inspections between South and North Korea.

He said now is the time "to implement thoroughly the basic South-North agreement and the joint denuclearization declaration on the Korean peninsula... It is urgent to implement them in good faith for substantial improvement of the inter-Korean relationship."

Commenting on the third-round of high-level U.S.-North Korea talks slated for July 8 in Geneva, Kim said that in view of the conditions for the meeting, Washington appears to be focusing on Pyongyang's present and future nuclear activities, causing "us to be concerned about its past activities." He added that "We should closely watch how the third-round U.S.-North Korea meeting proceeds."

The government should maintain close cooperation with the United States, while seeing to it that the Geneva U.S.-North meeting does not reach any agreements "swerving from our policy, our basic stance," Kim stressed.

On domestic politics, Kim said political reforms should be directed toward erasing the idea of regarding politics as simply a power struggle, and stressed that the 14th National Assembly must complete reforms based on legality, rationality and principles during its remaining two years.

Touching on the issue of parliamentary ratification of the Uruguay Round agreement, the ruling party leader

said, "The new world trade order, represented by the WTO (World Trade Organization) system, is not a matter of choice but a matter of adaptation, not what must be rejected but what must be got over with for us, who must compete with other nations in the world for survival." He thus stressed the inevitability of parliamentary approval of the Uruguay Round accord.

On violent student demonstrations and illegal labor strikes, Kim said students blocking train traffic or taking away policemen by force and workers staging unlawful strikes "cannot be pardoned under any circumstances."

Chongwadae Concerned About Press

SK3006093394 Seoul YONHAP in English 0919 GMT
30 Jun 94

[Text] Seoul, June 30 (YONHAP)—Amid the flooding of speculative press reports on the scheduled inter-Korean meeting, Chongwadae [presidential offices] has come out to apply a brake to the trend, saying unfounded reports would do no good to the talks.

"It is highly problematic for press medias to arbitrarily print the kind of proposals or items which the government has never thought of in connection with the upcoming summit meeting," a Chongwadae official said on Thursday.

He said such random reports would only fuel confusion among the people nor would they be of any help to the historic South-North summit meeting.

It is not desirable either for the press to print reports that make it look as if President Kim Yong-sam would make showdown negotiations with Kim Il-song, the official said.

"It should be known that the forthcoming meeting would be significant in itself as it is taking place for the first time in half a century since the nation was divided," he added.

Planned Proposals, Stand Viewed

SK3006111494 Seoul YONHAP in English 1107 GMT
30 Jun 94

[Text] Seoul, June 30 (YONHAP)—The Seoul government seeks to adopt a summit agreement or declaration containing items agreed on during the inter-Korean summit meeting slated for late next month in Pyongyang, it was learned on Thursday.

The government is also planning to propose the creation of permanent liaison offices in Seoul and Pyongyang so that they could watch the implementation of summit agreement and handle other inter-Korean matters, a source said.

"The government's stand is that the Pyongyang summit should not end merely in a meeting between the top

leaders but should become a productive conference yielding concrete achievements," a government official said.

Such an agreement, he said, could reaffirm the existing inter-Korean agreements and contain such items as recognition of each other's systems and renouncement of the use of the force of arms against each other.

The permanent liaison offices, if actually established, would be instrumental to solidifying the stage of South-North reconciliation and cooperation, a stage of the three-phase unification policy of the South, the official said.

A hardened first phase, he said, would make it easier for the two Koreas to move on to the second phase—the stage of South-North commonwealth.

"President Kim himself has expressed on many occasions the wish to develop inter-Korean relations into the stage of South-North commonwealth," the official added.

Editorials Comment on Talks

SK3006091894

[Editorial Report] The following is a compilation of editorials carried by ROK vernacular newspapers on 30 June regarding the North-South summit talks scheduled for 25 to 27 July.

The conservative CHOSON ILBO carries on page 3 an 800-word editorial entitled "Wishing For a Businesslike Summit." The editorial expresses concern over the present festive mood and urges the ROK side to calmly review the background of the "unconditional" summit to achieve the objectives.

The editorial stresses that this is only the beginning, not a conclusion made through rounds of talks, and that the summit has even more difficult tasks because there has been no advance negotiations or compromises by the two sides' working-level officials. The editorial writes that "the ROK Government should not make the nuclear issue secondary by being too content with the meeting itself."

The editorial urges the ROK people to calm down and recall the numerous broken promises made by North Korea and also urges the media not to make their reports too sensational.

The moderate HANGUK ILBO carries on page 3 an 800-word editorial entitled "Stop Slandering the South First." The editorial questions North Korea's intention when it is slandering the South and talking about peace at the same time. The editorial recalls the same dual attitude of North Korea in 1971 and 1972 when it resumed slanderous campaigns against the South not long after the announcement of the 4 July North-South joint statement. Denouncing the slanderous titles given to President Kim Yong-sam by North Korea, including

"the ugly flunkeyist traitor," "most vicious fascist dictator," "war maniac," and "vicious antireunification, antinational traitor," the editorial urges North Korea to stop all slanderous broadcast, propaganda, and instigation campaigns.

The moderate KYONGHYANG SINMUN carries on page 3 a 2,000-word editorial entitled "Contents Are More Important in North-South Summit Talks." Recalling past North-South talks that once looked successful and the numerous invalidated agreements, the editorial stresses that it is too hasty to think that all problems will be solved and writes that it will be meaningless if the two leaders meet only to take photographs.

The editorial states that the historical significance of the meeting itself should not be stressed too much and that the nuclear suspicion, including past nuclear activities, must be verified during the summit talks. Noting that the North Korean media are already attributing the summit talks to North Korea's "generosity," the editorial warns of North Korea's propaganda strategy and its nature of not recognizing the South Korean establishment.

The editorial analyzes that North Korea's demand for the suspension of all acts that may lay obstacles for the summit talks was "aimed at dissolving the international alliance system against the North, the Team Spirit exercise, and even the ROK-U.S. defense system." Noting that North Korea postponed discussion on the second round of summit talks, the editorial doubts North Korea's sincerity and asserts that "this issue is critical to the successful holding of summit talks."

The pro-government SEOUL SINMUN carries on page 3 a 900-word editorial entitled "Hasty Expectations Should Be Avoided." The editorial writes that the South Korean society is too excited by the decision to hold North-South summit talks but, in reality, there are many hidden variables. The editorial doubts if the second summit in Seoul will ever be held judging from North Korea's attitude in the 28 June preliminary contact. The editorial urges North Korea to stop slanderous broadcast campaigns against the South and "face the summit talks not as a political strategy but as a national task."

The moderate TONG-A ILBO carries on page 3 an 800-word editorial entitled "The Nuclear Issue Should Be Resolved in North Korea-U.S. Talks." The editorial states that the third-round North Korea-U.S. talks will be a test stone to confirm if North Korea completely changed its nuclear policy or made a peace gesture to avoid the difficult situation, and that "the North-South summit talks should be reconsidered if it is proven that North Korea proposed the summit as a stepping stone for talks with the United States."

The editorial strongly asks the following points to the United States regarding the upcoming North Korea-U.S. talks: "First, North Korea's real intention of freezing its nuclear programs should be checked; second, it is absolutely not conceivable that North Korea's past nuclear activities can be buried by the assurance of present and

future nuclear transparency; third, North Korea must return to the Nuclear Nonproliferation Treaty and accept International Atomic Energy Agency special inspection [tukpyol sachal] on the two undeclared facilities." The editorial hopes the North Korea-U.S. talks will have a positive effect on the North-South summit talks.

North Suggests Using 'Reunion' Name

SK3006075294 Seoul YONHAP in English 0738 GMT
30 Jun 94

[Text] Seoul, June 30 (YONHAP)—What to call the meeting between South and North Korean leaders was a subject of debate at Tuesday's inter-Korean contact, with Pyongyang suggesting at first that it be labelled "a reunion," officials said Thursday.

Kim Yong-sun, North Korea's chief delegate to the contact, described the presidential meeting as "a reunion of the top leaders," drawing an immediate objection from his South Korean counterpart Yi Hong-ku, they said.

But this obviously wasn't a matter of life or death for North Korea—the delegates instantly acquiesced and agreed to "a meeting."

It was quite clear that the North Korean leader or leaders in Pyongyang were watching every going-on at Tuesday's contact and issuing instructions minute-by-minute.

When the talks became stalled over the date and site of the second summit, Yi asked for private talks just between the top delegates.

Kim agreed and the microphones were turned off, but the North Korean delegate abruptly changed his mind barely 10 minutes into the talks and asked to continue with the microphones on.

Seoul, U.S. To Consult at DPRK-U.S. Talks

SK2906233994 Seoul KBS-1 Radio Network in Korean
2200 GMT 29 Jun 94

[Text] Following the policy of promoting the thorough resolution of the North Korean nuclear issue, the ROK and the United States will also work to harmonize their respective policies during the DPRK-U.S. talks in Geneva on 8 July. Kim Sam-hun, ROK ambassador in charge of nuclear affairs, will go to Geneva on 6 July and hold daily contacts with Gallucci, U.S. ambassador in charge of the nuclear issue, during the DPRK-U.S. talks to decide jointly on measures regarding the North Korean side's demands that will be presented at the DPRK-U.S. talks.

In particular, if there is a concrete request from North Korea for assistance to convert the light water reactor and eliminate the nuclear threat, the ROK and the

United States will decide on measures to accept them on-the-spot and immediately notify North Korea of these measures.

Kim Il-song's Reluctance To Visit Seoul Viewed

SK3006090194 Seoul SEOUL SINMUN in Korean 30 Jun 94 p 4

[Article by Yu Un-kol, director of the North Korean Department of SEOUL SINMUN: "Kim Il-song Must Come to Seoul"]

[Text] Can North Korean President Kim Il-song come to Seoul?

The schedule of President Kim Yong-sam's Pyongyang visit was fixed in a South-North preliminary contact held on 28 June, but the issue regarding North Korean President Kim Il-song's Seoul visit was delayed. Why was that? It is explained that our government's strong will to hold South-North summit talks without fail was reflected in the contact, which ended without agreement on President Kim Il-song's Seoul visit, which should have come to a clear conclusion at that time, in accordance with the principle of reciprocity. Though I admit that the explanation is convincing, I am very uneasy about this. In light of the fact that during the working-level contact, President Kim Il-song gave instructions to the North side delegates while watching the meeting on TV, there must be a certain basis and circumstances surrounding the matter.

The meeting of the two leaders itself is very significant because it will be the first South-North summit since the country was divided 49 years ago, and the top leaders' visit to each other's capital city is also significant. The North side, however, was firm until the end on not agreeing to hold the second summit in Seoul. Of course, it is always hard to believe that North Korea has lost its confidence, and this time, I am even more curious about North Korea's hidden purpose behind its refusal to reach an agreement on the second summit.

The general view of observers is that, under the circumstances, President Kim has no intention to come to Seoul, and even if he wanted to visit Seoul, he would not be able to do so.

The major reason he tries to avoid visiting Seoul is because his Seoul visit would mean a recognition of our system, and thus, he might have to abandon his ambition to communize and reunify the country, based on the "one Korea, one country" principle. It is also believed that it would be a heavy burden for Kim Il-song to explain his visit to South Korea to the North Korean residents since North Korea has berated South Korea by alleging that it invaded the North in collusion with the United States.

Second, it was learned that, since President Kim Il-song is adhering excessively to negotiations with the United States aimed at establishing diplomatic ties and

obtaining U.S. economic assistance, he regards the South-North summit talks as a collateral event and does not have a keen desire to visit Seoul.

Many people believe that, even if President Kim wanted to visit Seoul, he would not easily agree to this in order to use it as a card in future negotiations. Some observers view that President Kim Il-song is not thinking about his Seoul visit at all, and he only has an ulterior desire to use to the utmost President Kim Yong-sam's Pyongyang visit for political advertisement purposes.

It is the most convincing view that those close to President Kim Il-song are actively dissuading him from visiting Seoul because they are concerned about the possibility that he would be greatly shocked at the realities of Seoul's development, which are beyond his knowledge about the city obtained merely from TV or verbal reports. He passed through Seoul for the first time on his way back to the North from Suanbo when the North Korean People's Army advanced down to the Naktong River during the Korean war. If he comes and sees Seoul again, he will surely realize that his ambition to communize and reunify the country is an expensive delusion.

Another view is that Kim Il-song cannot dare visit Seoul since he is the war criminal who made 1 million compatriots fall as victims. It is learned that because of his criminal history, he feels his personal safety would be heavily threatened during his visit to Seoul.

However, President Kim Il-song must visit Seoul under any circumstance. It is in the nature of things for him to pay a return visit to President Kim Yong-sam's Pyongyang visit.

I believe that President Kim Il-song knows that former East and West Germany exchanged visits when they held the first summit in 1970.

His visit to Seoul would furnish a key for the entry into the South-North reconciliation age, and it is an issue concerning the self-esteem of 40 million ROK people. President Kim Il-song said that he would meet with President Kim Yong-sam in any place at any time, did he not?

President Kim Il-song must come to Seoul and make an apology in any shape or form. If he is not ready to do so, he must, at least, take humanitarian steps to alleviate the suffering of the 10 million separated family members by giving them opportunities to meet their own separated family members.

On the other hand, I think it would be better if he did not visit Seoul if the old fox [nohochan kuga] is going to come to Seoul and disappoint the people by making a display of his influence with his talented showmanship, without a sign of repentance. This thought is growing as I worry about the possibility that the North Korean media will loudly advertise President Kim's Seoul visit as an "on-the-spot guidance" to liberalize South Korea.

DPRK Envoy Discusses Solution to Nuclear Issue
SK3006143794 Seoul KBS-1 Radio Network in Korean
 1405 GMT 30 Jun 94

[By REUTER from Geneva]

[Text] A high-level North Korea-U.S. talk slated to be held in Geneva on 8 July will serve as a momentum in opening a road for a package deal which will eventually solve the problem on denuclearizing the Korean peninsula, said Han Chang, deputy representative of the North Korean mission to the United Nations in Europe.

Deputy Representative Han Chang, speaking before the International Arms Reduction meeting attended by 39 nations, stated that the high-level North Korea-U.S. talk will open new prospects for solving the problem of denuclearizing the Korean peninsula through a package deal settlement based on the principles.

Weekly Assesses DPRK Nuclear War Preparations

SK2906121094 Seoul CHUGAN CHOSON in Korean
 30 Jun 94 pp 26-28

[Article by Reporter U Chong-chang]

[Text] It has been learned that North Korea is building "an Integrated Command Post for Nuclear Warfare" near Pyongyang at Mt. Chidang with plans to finish construction within this year, and that it has obtained a U.S. Armed Forces' field manual on nuclear and chemical-biological-radioactive [CBR] warfare to prepare for nuclear and CBR warfare.

At the end of October 1993, North Korea also conducted "a mock experiment to observe a nuclear explosion" in the presence of nuclear development experts in Yomso-gol, Sokam-ri, Pyongwon County, South Pyongan Province. North Korea has been learned to have extracted plutonium at the kilogram level—much more than North Korea has reported to the International Atomic Energy Agency—and stashed it away in a "secret place" beyond the Yongbyon area.

This fact became apparent in the process of reinvestigating Mr. Yi Chung-kuk, 26, who defected to the ROK last March. The authorities think that Mr. Yi's information is highly reliable on the basis of a comprehensive evaluation of the details in his remarks and of his previous career as a sergeant, first class, at the computation section of the "Antinuclear/Antiatomic Analysis Team" under the "Nuclear-Chemical Defense Bureau," a key North Korean agency for nuclear development. The government is making a scrupulous analysis of the status of North Korea's nuclear development on the basis of this information.

Born in Hwachon, Yanggang Province, Mr. Yi was enlisted in the Army when he was a senior at the Department of Biochemistry of the Faculty of Biology, Pyongsong College of Science, one of North Korea's

prestigious colleges of science. The agency where he served is under the direct control of the General Staff of the Ministry of People's Armed Forces. With a degree from a college of science, a good command of English, and highly proficient in operating computers, he was analyzing major documents of various kinds related to nuclear development and was translating foreign magazines at the agency. The authorities judge that Mr. Yi, therefore, may have had access to top-class North Korean information on their nuclear development. Having served in the Army for three years, Mr. Yi fled to Yanbian, China, in November 1993 by crossing the Yalu River and defected to the ROK.

In the process of an investigation by the authorities concerned, Mr. Yi disclosed: "North Korea has already begun building 'an Integrated Command Post for Nuclear Warfare' in preparation against nuclear warfare."

According to Mr. Yi, in a plenary meeting of the party cadres of the People's Army held at the beginning of December 1992, Choe Kwang, chief of General Staff of the Ministry of People's Armed Forces said: It has been decided that we will finish the construction of "the Nuclear Watch Guard Post" at Solbong of Cheyukchon, Angol of the Mangyongdae District, Pyongyang, by 1993. "The Integrated Command Post for a Nuclear Warfare" will be built at Mt. Chidang in Changsan-dong, Sosong District of Pyongyang by 1994.

Mr. Yi said: In accordance with this decision, construction of "the Nuclear Watch Guard Post" began in May 1993 and was scheduled for completion by November 1993. The construction of "the Integrated Command Post for a Nuclear Warfare" is now underway.

Mr. Yi said that "such a movement is in accordance with Kim Il-song's teachings and Kim Chong-il's orders."

In his 1990 teaching, Kim Il-song said: "Since we do not know when the United States may ignite a nuclear war, we should make thorough preparations against this. A recent nuclear test in China is affecting Choson's (North Korea) skies. We should intensify monitoring of radioactivity and conduct a contamination check-up in the Pyongyang area."

In the same year, Kim Chong-il gave an order by saying: "We, too, should prepare against emergency nuclear warfare by introducing the advanced countries' nuclear technologies at an early date."

According to the result of a study by the authorities, North Korea is known to have conducted a mock experiment to observe a nuclear explosion under the supervision of the "Nuclear-Chemical Defense Bureau" which is under the direct control of the General Staff of the Ministry of People's Armed Forces at the end of October 1993. It is said that about 50 people, including about 30 bureau directors (general-level officers equal in rank to ROK's major general-level officers) under the General Staff; general-level officers of the Kim Il-song Military

University; and those from the "Nuclear/Chemical Defense Bureau," such as director of the Reconnaissance Department, director of the Machine Supplies Department, first deputy director of the bureau, director of the Analysis Office, chief of the Computation Section, and all staff of the Machine and Equipment Manufacturing Section, were in attendance for the experiment that was conducted in Yomsogol, Sokam-ri, Pyongwon County, South Pyongan Province.

It is said that along with North Korea's preparations against a nuclear war, this mock experiment was conducted at the same time as a test of the performance of "equipment that automatically monitors nuclear explosions," which North Korea made with its own technology in early 1993. The experiment was conducted in such a way as to explode "a mock experimental bomb set for a nuclear explosion" and observe its explosive sound, the flash of light, heat, and the formation of a mushroom cloud.

In July 1992, one year before such a mock experiment was conducted, North Korea reportedly sent three officers to Russia and Ukraine, such as the director (a senior colonel) of the Machine Supplies Department of the "Nuclear/Chemical Defense Bureau," the chief (a lieutenant colonel) of the Machine Supplies Section of "the Antinuclear/Antiatomic Analysis Team," and an interpreter (a lieutenant colonel) of the 15th Bureau of the Ministry of People's Armed Forces (the bureau is responsible for the import of equipment). During their one-month stay, they took a firsthand look at nuclear tests conducted in Russia and Ukraine, and inspected nuclear weapons and chemical warfare equipment. They observed one nuclear test in Russia, and two tests in Ukraine.

They videotaped the scenes of the three nuclear explosions and also tested the performance of the North Korean-made "equipment for automatically monitoring nuclear explosions," whose results have been reported to O Chin-u, minister of People's Armed Forces, and Choe Kwang, chief of the General Staff.

At that time, Russian President Yeltsin ordered that a nuclear explosion test not be conducted in light of his country's diplomatic relations with the United States. But, it has been learned that the Russian military conducted the test in secret without even reporting this to President Yeltsin. It is also said that the Russian military officials involved in the nuclear test even gave a strict order to the North Korean observers that the test itself be kept in absolute secrecy. Mr. Yi disclosed that he came to know about this while he was preparing a report about the results of the above team's observation of the nuclear tests in accordance with an order from the director of the Machine Supplies Department of the "Nuclear/Chemical Defense Bureau."

Later, North Korea is known to have sent nuclear experts of the "Nuclear/Chemical Defense Bureau" to seven countries, such as Russia, France, Austria, and the

Ukraine, and to have had them observe nuclear facilities in those countries, and purchase the parts necessary for North Korea's nuclear development. Because of this, it has been learned that the director of the Machine Supplies Department of the "Nuclear/Chemical Defense Bureau" and the chief of the Machine and Equipment Manufacturing Section of the "Antinuclear/Antiatomic Analysis Team" went abroad again from December 1992 to March 1993.

The authorities confirmed afresh this time that North Korea has secretly obtained U.S. Armed Forces field manuals on preparations against nuclear and chemical, biological, and radiological warfare; and has made a scrupulous analysis of those manuals. This seems to be proof that North Korea is preparing against a nuclear war and a chemical, biological, and radiological war. It has also been learned: After secretly obtaining such manuals through the departments of operational activities at the party headquarters in the beginning of 1990, North Korea has kept them at secret archives of the party headquarters which are located in the vicinity of the Koryo Hotel in Pyongyang.

Mr. Yi, who was translating them, testified: "In around September 1992, only two of us, including me and the director of the Reconnaissance Department (a senior colonel)—who was my immediate supervisor—entered the secret archives and loaned the manuals out. One official at the secret archives asked us to do our utmost to keep them in secrecy because the manuals had been obtained with difficulty by operatives of the party headquarters. The manuals, which he took out of the archives, totaled about 20 in number. The director of the Reconnaissance Department ordered me to translate five manuals. Since then, I had been alone in translating for five months until February 1993 at a clothing storage house in the Analysis Team Compound which is an off-limits area."

The military manuals, which North Korea has obtained, are confirmed to include "NBC (nuclear, biological, and chemical) Handbook," which U.S. servicemen carry in ordinary times; "NBC Ground Influence"; and "NBC Flame Influence." These military field manuals are confirmed to be the latest editions which were published in 1986, 1988, and 1989 respectively.

Included in these manuals are varieties of guns and aircraft of the U.S. Armed Forces which are used for nuclear warfare and chemical warfare; varieties and data of U.S. Armed Forces chemical warfare weapons; effects of nuclear warfare and chemical and germ warfare; and the duties and tactics of commanding officers.

It has also been confirmed in a concrete way that North Korea has extracted plutonium by the kilogram and stashed it away at a third "secret place" other than the Yongbyon area, thereby being hellbent on nuclear development. This is revealed in detail in dialogue between high-ranking officers of the "Nuclear/Chemical Defense Bureau" of North Korea.

The following is part of the "conversation" they had:

Chief of the Reconnaissance Department Senior Colonel Hwang Chong-pyong: When we received an inspection by the International Atomic Energy Agency [IAEA] in June 1992 we made a false report to the IAEA inspection team that we had extracted nine grams of plutonium. The inspection team sensed that we were making a false report. However, it returned home, unable to find evidence of our false report. The amount of the plutonium we extracted was an amount in kilograms which exceeded by far that of grams.

Chief of the Computation Section: The amount of a kilogram is a considerable amount. Chief of The 55th Center: We blocked up streams and set wire entanglements there. We built underground tunnels. Thus, we are manufacturing nuclear weapons there.

Chief of the Computation Section: In the course of our nuclear weapons development we received assistance from Russia, France, and China. But, we are now behaving very cautiously because of the United States.

In their current investigations our authorities concerned confirmed again that in its nuclear weapons development course North Korea had received technological assistance from foreign countries, including Russia. In particular, our authorities confirmed the fact that North Korea had invited the former Soviet Union's nuclear experts on one hand and sent to the former Soviet Union North Korean students from the Atomic Energy Department of Kim Il-song University and the graduate school of Yongbyon College of Physics to study nuclear technology on the other hand.

Defector Yi revealed that in 1991, after the collapse of the former Soviet Union, as an effort to accelerate its nuclear development, North Korea invited Russian nuclear physicists secretly and accommodated them with villas located on the Yokchon riverside in Potonggang-kuyok, Pyongyang. He added: "I heard from Army officers that North Korea was receiving the assistance of nuclear experts from France, a nuclear big power."

Judging from these remarks by defector Yi, the authorities analyze that it was in 1981 that North Korea began to make active preparations to cope with a nuclear war and that in that year North Korea founded "the Nuclear-Chemical Defense Bureau" under the Office of the General Staff under the Ministry of People's Armed Forces and "the Antinuclear/Antiatomic Analysis Team" under the direct control of the General Bureau of Security Guard and the Air Force Headquarters. The authorities also analyze that in 1985 North Korea founded the antinuclear/antiatomic analysis teams in the Navy Headquarters and four corps stationed near the DMZ. In 1985 and thereafter, the antinuclear/antiatomic analysis team was established in the corps in the rear area, the 425th and 815th training centers, and other corps-level training centers.

"The Nuclear-Chemical Defense Bureau" has conducted training to cope with a nuclear war for responsible persons from the "antinuclear/antiatomic analysis teams" once or twice a year since 1991. The training is conducted by colonel officers or senior colonel officers who are experts in this field. Since May of last year one set of automatic nuclear explosion observation devices [haekpokpal chadong kwangchukki] which was developed in North Korea has been issued to each of the heads of the antinuclear/antiatomic analysis teams throughout the Army. Along with this, it has been learned that the Training Department of "the Nuclear-Chemical Defense Bureau" started constructing a nuclear-chemical general training site in Onjong-ri, Songchon County, South Pyongan Province in December 1992.

The names and locations of research institutes and organs reportedly involved in North Korean nuclear development have been revealed concretely. North Korea has atomic energy research centers in Yongbyon and Sunchon and an atomic power plant in Sinpo. Nuclear weapons development organs include the Atomic Energy Department of Kim Il-song University; the Physics Department of Kanggye Defense College; the metal science department under the Chemical Department of and the Physics Research Institute of Pyongsong College of Science; the college of physics in Yongbyon atomic research center; and uranium mines in Kusong in North Pyongan Province, an unidentified place in North Hwanghae Province, and Sunchon in South Pyongan Province.

On the other hand, what draws our attention is the fact that China is providing "top" intelligence related to North Korea's nuclear development to our government. According to the authorities, early this year China founded in haste an organization called "The Korean Peninsula Research Team" in "The Research Institute on World Affairs," a government-run organization. "The Korean Peninsula Research Team" is a key organ which studies and analyzes exclusively the affairs on the Korean peninsula. There is also a research team which has the same name as this in the Academy of Social Science of China. An expert on Korean affairs disclosed that such a deep interest by China in the Korean peninsula affairs is extremely unusual.

"The Korean Peninsula Research Team" of China provided through an unofficial channel the intelligence that "North Korea does not seem to possess nuclear bombs yet" to our government recently. China insisted that "it has obtained reliable intelligence that just before the collapse of the former Soviet Union North Korea attempted to purchase one nuclear bomb from the former Soviet Union, but in vain" and analyzed that "judging from this, North Korea does not possess nuclear weapons as yet and North Korea's assertions regarding nuclear weapons are exaggerated considerably."

The organizational chart of North Korean nuclear-chemical units: The Ministry of People's Armed Forces (Defense Minister O Chin-u)

—Office of the General Staff of the Korean People's Army

(Chief: Choe Kwang)

•• Chemical Department

—Anti-Nuclear/Anti-Atomic Analysis Team

•• Nuclear-Chemical Defense Bureau

—Operations Department

—Training Department

—Technology Department

—Chemical-Biological-Radiological Research Center

*2795th Research Center and branches

—Political Department

—(?Tunnel Management Department)

—17th Nuclear-Chemical Defense Battalion

—18th Nuclear-Chemical Defense Battalion

—Nuclear-Chemical General Training Site

—Sariwon 815th Training Center

North Korea's bacteriological weapons-related organizations include Kim Il-song University, Pyongyang Medical College, Pyongyang Military Medical College, the Institute of Microbiological Diseases under the Pyongsong Academy of Science, the Bacterium Research Institute under the Second Academy of Natural Sciences.

North Korea's chemical weapons-related organizations include the Humhung branch of the Academy of Defense Science; Kim Il-song University; the Chemical Department of Pyongsong College of Science; the Chemical Research Institute under the Second Academy of Natural Science; the Central Analysis Center at Pyongsong Academy of Science; the 398th Research Center and the 279th plant under the Nuclear-Chemical Defense Bureau; the chemical plants in Kanggye, Sakchu, Hyesan, Wonsan, and Hamhung; the 8 February Vinalon Plant; Sunchon Vinalon Plant; and Sariwon Potash Fertilizer Plant.

North Korea's nuclear weapons-related organizations include the Atomic Energy Research Institute and College of Physics in Yongbyon; the Atomic Energy Research Institute in Suchon; the nuclear power plant in Sinpo; the Atomic Energy Department at Kim Il-song University; the Physics Research Institute at Pyongsong College of Science and the metal Science section under the Chemical Department at Pyongsong College of Science; the Physics Department at the College of Defense in Kanggye; the uranium mine in Kusong, North Pyongan Province; and uranium mine in Sunchon, South Pyongan Province.

Ministry Moves To Revitalize Trade With DPRK

SK3006061094 Seoul HANGUK ILBO in Korean 30 Jun 94 p 11

[Article by reporter Yi Chong-che]

[Text] On 29 June, the Ministry of Trade, Industry, and Energy decided to push ahead with the establishment of

a payment settlement account and direct sea lines between North and South Korea as an effort to prepare for future direct commodity trading. In addition, the ministry decided not only to establish a trade office near Panmunjom to revitalize trade activities between the North and the South, but also to discuss with ministries concerned, measures to smooth the way for businessmen from the North and the South to contact each other there.

Director of the Trade Bureau of the Ministry of Trade, Industry, and Energy, Chong Tok-yong, said that day that "with the decision to hold North-South summit talks, economic cooperation between the North and the South, including trade and investment, are expected to expand, so various measures to cope with this are being worked out."

Director Chong said, however, that "concrete discussion and working out of these plans would occur when a series of North-South economic cooperation-related talks are held in earnest following the North-South summit talks," adding that "no North-South negotiations or no discussions among ministries concerned have been made regarding these plans until now."

In the meantime, none of our businessmen has visited North Korea since October 1992. However, on matters of investment in and trade with North Korea, contacts between North and South Korean businessmen in a third country amounted to 101 in 1992 and 130 in 1993. This year, the contact numbered 74 as of last May.

There was one case of South Korean enterprises' processing-on-commission trade with North Korea in 1991 (\$23,000), 10 cases in 1992 (\$529,000), and 44 cases (\$4.385 million) in 1993. This year, 42 cases have been reported since last May (\$9.621).

North-South Transportation Cooperation Studied

SK3006012694 Seoul THE KOREA HERALD in English 30 Jun 94 p 3

[Text] The Ministry of Transportation yesterday announced a package of plans in preparation for a possible exchange of cooperation in the transportation and tourism sectors between South and North Korea, which may accelerate following the planned inter-Korean summit.

Under the ministry programs, four railroad lines linking the South and the North—Kyongui Line (Seoul-Sinuiju), Kyongwon Line (Seoul-Wonsan), Kumgangsan Line (Chorwon-Mt. Kumgang), and Tonghae Line (Kangnung-northern part of Kangwon Province)—will be newly built or restored.

The government plans to spend a total of 574.8 billion won (some \$712 million) to build railroads in the South, which will be linked to the Northern railroads during the two years after both sides reach an agreement to do so.

At the same time, the government will push ahead with building three South-North national roads—No. 1 linking Freedom Bridge and the truce village of Panmunjom, No. 2 linking Sintanni and Woljongni, and No. 3 linking Myonghori and Songhyonjinni—by pouring a total of 775 billion won into the projects.

It also plans to open a new air route linking Kimpo in Kyonggi Province and Sunan in South Pyongyang Province in the North.

Opening of direct sea routes connecting three major ports in the South—Inchon, Pusan and Pohang—and three ports in the North—Nampo, Wonsan and Chongjin—will also be pushed by the government.

To develop the Korean Peninsula as an attractive tourist destination, it also plans to launch joint development projects with the North to create world-class tourism complexes in Mt. Paektu or in Mt. Kumgang.

N-S Trade Increases Despite Nuclear Issue

SK2906065894 *Seoul SISA JOURNAL* in Korean 30 Jun 94 pp 20-21

[Article by Nam Yu-chol: "The Economy Is Flowing Under the 'Nuclear Ice'"]

[Text] Regardless of the tense situation on the Korean peninsula, South-North trade has been increasing recently. The volume of trade between South and North Korea for 1993 was \$186.59 million (based on customs entry). This is an increase of 7.6 percent compared with 1992. The volume of trade continues to increase this year as well. According to official statistics recently announced by the National Unification Board (NUB), the South-North volume of trade from January to May increased 2.7 percent compared with the same time last year. This is the extent to which the NUB was secretly burdened by the increasing South-North trade, regardless of economic sanctions and rumors of a war.

The actual volume of trade between the South and North has a greater numerical value than the official announcement made by the government. This is because the volume of trade that has not been reported to the government or which is being dealt with through a third country has not been listed in the government's statistics since the beginning. When bringing in North Korean goods our companies report to related authorities that the place of origin is North Korea to receive nontariff benefits. Money that is invested to be exported to North Korea or is for processing on commission (imgagong), however, is being reported 'selectively.' An official of a conglomerate in charge of trade with North Korea explains: "We do not inform the government of deals we think are not necessary to report to the government."

Regardless of political and military tension and apart from common sense, the volume of South-North trade is increasing. This is because the political atmosphere (appearing in the media) does not have practical and

concrete influence on the economy. Even when the United States and our government were promoting economic sanctions against North Korea and rumors were spreading that South-North trade would be suspended, officials of conglomerates in charge of trade with North Korea had repeatedly emphasized that they would continue to promote existing trade until a concrete policy is put forth by the government. Right after his inauguration, Yi Hong-ku, NUB minister, said that "South-North economic cooperation will be activated only when the nuclear issue is resolved." Thus he reconfirmed the government's view of linking South-North economic cooperation with the nuclear issue. Many people point out, however, that the theory of linking South-North economic cooperation with the nuclear issue is a somewhat empty theory. The principle that "South-North economic cooperation will not be carried out if the nuclear issue is not resolved," must be corrected as, "as long as the nuclear issue is not resolved, there will be no direct investment by the ROK." Regardless of the twists and turns of political relations since 1988, South-North trade has increased steadily. This is because related laws or systems have not been changed at all. A NUB official emphasized: "No matter how much the nuclear issue is aggravated, we must open the trade channel." South-North economic cooperation linked with the nuclear issue is de facto limited to investment, not trade. However, North Korea has not officially revealed that it will accept direct investment from our businesses. North Korea is not officially recognizing South-North trade, which has been increasing since 1988. Regardless of inconvenient trade procedures, North Korea has been insisting on indirect trade through a mediator of a third country or under the name of a company of a third country.

Our government has stressed the need to activate South-North trade. However, North Korea's law on investment by foreigners does not have a stipulation regarding our enterprises. At present, the position of our enterprises considered or to be considered by North Korea is unclear. Our reality is that domestic experts are arguing, based on their own assumptions, as to whether our enterprises are included in the category of the "Korean compatriots living outside the Republic" stipulated in the North Korean law on investment by foreigners. An expert on North Korea of a private economic research institute criticized them for "getting excited over a treaty which may not be forthcoming."

However, they have a good reason for getting excited. South-North trade has increased in spite of political tensions on the Korean peninsula because our enterprises attach great importance to contacts and trade with North Korea. South-North trade is mainly represented by our purchase of North Korean goods and North Korea processing on commission with money and materials provided by South Korea. Our trade with North Korea for 1993 was definitely in the red, with imports from the North totaling 96 percent of the total amount of trade with it that year. The major item North Korea

sends out of the country is textiles, material from processing on commission, which accounted for 70.4 percent of the total items the North exported last year.

Middle and small enterprises have profited by trading special goods, such as specialties, agricultural products, and herb medicine components. Meanwhile, business groups leading South-North trade have approached South-North trade with a "strategic-level" attitude of preparing for South-North political reconciliation. In short, the foremost variable for ROK enterprises is North Korea. Some business groups believe that the power structure of business circles will be completely influenced by the way each business group uses North Korea. A researcher from a business group economic research institute views: "The group that acquires the initiative in business with North Korea will greatly influence business circles power structure." That is, in light of the influence exerted by placing public enterprises under private management upon the power structure of business circles, doing business with North Korea is a life-or-death struggle for ROK business groups.

Business circles are unanimously criticizing the government for lacking a policy for South-North trade and investment. They say: According to changing political relations with North Korea, North Koreans will become "fellow countrymen" with whom we have to promote coexistence and co-prosperity, or might suddenly become the "enemy" if they provoke us. Our government's bipolar viewpoint on North Korea is plainly reflected in our laws and ordinances. The law on South-North exchange and cooperation stipulates North Korea as a cooperative partner, not an enemy, while the National Security Law that prescribes North Korea as a hostile opponent is still existing.

In particular, experts on laws point out that the law on South-North economic cooperation is inconsistent with international and domestic laws because it was unilaterally legislated based on our government's policy. In the 7 July 1988 declaration, the No Tae-u government declared that South-North trade was a domestic transaction. Our Constitution also regards North Korea as our territory based on formal logic. The law on South-North exchange and cooperation, however, stipulates that North Korea should be treated in the same way as other trade partners, virtually regarding it as a "foreign country." Particularly, duty-free trade between the South and the North may cause a conflict in line with international law because such trade can be regarded as a violation of the General Agreement on Tariffs and Trade

South-North political relations are special. However, problems in economic relations between the two should be solved based on economic logic, not politics. In order to do so, experts say, there must be a consistent principle backing the approach to the economic logic with North Korea.

Unification, Security Policy Council Meets

SK3006054594 Seoul CHUNGANG ILBO in Korean 30 Jun 94 p 2

[By reporters Kang Yong-chin and Choe Won-ki]

[Text] The working-level contact for the detailed procedures of the historic North-South summit talks will be held at Panmunjom on 1 July.

The North and the South will discuss collateral subjects that were not agreed upon during the 28 June preliminary contact, including the protocol, organization of the delegation, format of talks, guarantee of security, entrance and exit procedure, guarantee of convenience, dispatch of an advance group, and organization of the press corps.

The ROK Government held a meeting of the Unification and Security Policy Coordination Council at the Secretariat for North-South Dialogue in Samchong-tong on the morning of 30 June to finalize the ROK side's procedural proposal which is to be presented to the North at the 1 July Panmunjom contact.

The government reportedly decided at the meeting presided over by Yi Hong-ku, deputy prime minister and minister of the National Unification Board [NUB], to propose that the summit be *tete-a-tete* talks without attendants, and that two summit meetings be held during the stay.

The government also decided to propose a delegation of 180 comprising 100 suite members and 80 journalists.

NUB Spokesman Kim Hyong-ki said: "The government has closely checked all issues that need to be agreed upon by both sides, including the size of the delegation, format, security, convenience, and protocol. Our side expects that North Korea will cooperate in tomorrow's contact as they did in the last preliminary contact."

Regarding security, entrance and exit procedure, and the guarantee for conveniences, the government plans to follow the precedent set in the eight North-South top-level talks that were held from 1990 to 1992 with minor modifications.

During the past North-South top-level talks, North and South Korea exchanged memoranda of understanding guaranteeing each other's security and decided to enter each other's side through Panmunjom using planes, automobiles, and trains. The host side was to bear all the expenses for accommodations, meals, transportation, and communications.

Spokesman Kim said: "Because the relationship is a special relationship within the nation, not between two states, the national flags will not be hoisted and the protocol and security procedures will follow the case of summit talks with a third country. The government will do its best to make sure that this is implemented without fail."

The government has selected Yun Yo-chun, special assistant to the prime minister, as the delegate to the working-level meeting, and Ku Pon-tae, chief NUB policy maker, and Om Ik-chun, assistant to the prime minister, as suite members.

Restoration of Japan's 'Stability' Welcomed

SK2906234994 Seoul KBS-1 Radio Network in Korean 2200 GMT 29 Jun 94

[Text] A Foreign Ministry commentary was released by the government on the appointment of the chairman of the Social Democratic Party of Japan, Mr. Murayama, as Japan's new prime minister. The commentary welcomes the fact that Japan has been able to restore its political stability at an early date due to Murayama's appointment as the 81st prime minister of Japan.

The government also revealed that it hopes that with the inauguration of the new cabinet, the ROK and Japan will jointly promote democracy and market economy and further strengthen the good neighborly and friendly relations, to face the 21st century.

President Kim Sends Message

SK3006050094 Seoul YONHAP in English 0450 GMT 30 Jun 94

[Text] Seoul, June 30 (YONHAP)—President Kim Yong-sam sent a congratulatory message Thursday to the chairman of the Japanese Social Democratic Party, Tomiichi Murayama, who was elected prime minister Wednesday.

Kim said in the message, "I believe that Japan will continue to enjoy peace and prosperity under the distinguished leadership of your excellency and am sure that the current friendly and cooperative relations between Korea and Japan will be promoted further during your term of office."

The president also sent a telegram to outgoing Prime Minister Tsutomu Hata to express his gratitude for Hata's cooperation with and support for South Korea.

'Ambivalence' About Situation

SK3006020694 Seoul YONHAP in English 0156 GMT 30 Jun 94

[By Yi Tong-min]

[Text] Seoul, June 30 (YONHAP)—South Korean officials reacted with ambivalence Thursday to the new Japanese Government, admitting that they did not expect a socialist leader to take over.

The first question raised was whether new Japanese Prime Minister Tomiichi Murayama, chairman of the Social Democratic Party that in the past was branded as harboring pro-Pyongyang sentiments, will lean toward North Korea now that he is at the helm.

The second question posed is how the Seoul government will act toward this odd-couple government in Tokyo.

The Foreign Ministry issued a statement right after Murayama's selection was confirmed, saying Seoul welcomes the "restoration of stability" in Japan while remaining intentionally silent on the emergence of Murayama.

No one would go on record, but officials here are skeptical that this union between the Liberal Democratic Party [LDP] and the Social Democratic Party will last long. Prompting their skepticism is the LDP's having gone so far as to give the premier's post to the socialist camp in order to return as the ruling party.

Such an uneasy union, they say, is bound to have troubles.

The first concern is North Korean-Japanese relations. The heart of the new Tokyo government may beat stronger than before toward North Korea, officials here admit.

"But improvement of North Korea-Japan relations in the past was hindered by outside elements—Tokyo had to be mindful of its ties with Washington and Seoul," said a ministry official on condition of anonymity.

"Besides, it was North Korea which was in the driver's seat in steering diplomatic talks with Japan," this official said.

Moreover, it's not the Japanese prime minister who decides and sets the pace in approaching North Korea, he said.

Other officials question the strength of the socialist faction within the new government, pointing out that it has only 74 seats while the LDP has over 200.

"The so-called 'owner' is still the LDP," said another official.

There is an uncertain variable—whether North Korea will be encouraged by the emergence of a socialist prime minister and beckon the new Tokyo government.

But even that is unlikely, officials here say, since Pyongyang is more interested in talks with Washington. While this channel is going well, North Korea is unlikely to approach Tokyo.

As to what kind of relationship Seoul will establish with this new government is less clear.

"The new Tokyo government will certainly touch off our nerves—about the North Korean nuclear problem and overall relations with Pyongyang," said the official who requested anonymity.

What matters most at this point is Seoul's traditional ties with the LDP.

Asked to describe what the new relationship would be like, the official said, "it will be like going to an old friend's house and finding an odd roommate living with him."

Efforts To Settle Transportation Strikes Continue

Rail Strike Delays Export Goods

SK3006005794 Seoul THE KOREA TIMES in English
30 Jun 94 p 3

[Text] The Korean National Railroad (KNR) suffered about 14.759 billion won (18.5 million U.S. dollars) in lost income incurred during the five-day strike by railway workers that brought a virtual halt to the service of the nation's prime mover of cargoes and passengers last week.

The KNR, already reeling from a perennial deficit, is to be left with an "additional bag" of unexpected losses from the strike. The government estimated that the stoppage of rail service incurred daily losses of 20 billion won to the national economy due to the failure to deliver export goods on time.

The losses break down to about 9 billion won from the suspension of passenger train service and some 5.7 billion won in unfulfilled freight transportation service.

Railway carries about 10 percent of the nation's cargoes.

The KNR's income comes from the transportation of passenger trains, divided into four classes, and transport of container cargoes, oil and other sundry goods.

As of yesterday, the passenger operation was 90 percent restored, while all freight trains have been put back on track since Tuesday.

Thus far, no claims have been filed to seek restitutions from delayed deliveries of cargoes due to the strike.

"The red ink from the strike stopped flowing as of yesterday. The problem is that the losses to date would be certain to go into our account," a KNR spokesman said.

The KNR turned marginal profit last year through an extreme "management rationalization" process that sent 200 employees off its payroll. Another 200 will be shed this year.

Social Figures Urge Return to Work

SK3006092694 Seoul YONHAP in English 0915 GMT
30 Jun 94

[Text] Seoul, June 30 (YONHAP) - Leading social figures including Stephen Cardinal Kim Su-hwan personally called on striking subway workers on Thursday to return to work to pave the way to peaceful resolution of the strike.

The personal appeal came after the social leaders called for immediate return to work by striking workers in their joint press conference.

Those who gave the joint press interview included Kim Song-su, primate bishop of the Anglican Church of Korea, Rev. Kang Won-yong, and Yi Se-chung, president of the Korean Bar Association, in addition to the cardinal.

Calling on a group of subway workers who were staging a sit-in at the Myongdong Catholic Cathedral, Cardinal Kim told the workers that he and the other figures had agreed "It is best that the government should settle the strike through dialogue and reason after the workers returned to work first to normalize subway operations."

After listening to the cardinal, the workers said they would hold a general meeting later in the day to discuss a settlement.

The elder social figures met to discuss ways to help resolve the strike at the suggestion of the Citizen's Coalition for Economic Justice (CCEJ).

The Seoul subway workers went on strike last Friday demanding a wage hike, following railway workers who began a work stoppage Thursday.

Seoul Subway Union Ends Strike

SK3006114194 Seoul YONHAP in English 1129 GMT
30 Jun 94

[Text] Seoul, June 30 (YONHAP)—The Seoul subway union on Thursday afternoon withdrew their strike to normalize Seoul subways which have been run on reduced schedules for the past one week.

In a union members meeting at the Myongdong Catholic Church at 6 P.M., the union told striking unionists to report to work by 9 P.M. Friday.

Earlier in the day Stephen Cardinal Kim Su-hwan and several other social leaders personally appealed to the strikers to return to work if only to facilitate a peaceful solution to their demand.

As of 6 P.M. Thursday, 98 percent of subway unionists reported to work, which meant that of the total 8,724 subway workers, all but 127 returned to work. The 127 include union leaders placed on a police wanted list.

Union Chairman Kim Yon-hwan and 17 other union leaders, against whom arrest warrants have already been issued, have decided to carry on their sit-in regardless of the decision to end the strike.

Burma**PRC Military Delegation Departs After Visit***BK3006015594 Rangoon Burma Television Network in Burmese 1330 GMT 29 Jun 94*

[Text] A goodwill delegation led by General Li Jiulong, commander of the Chengdu Military Region of the People's Liberation Army, left from Yangon [Rangoon] International Airport on a Thai Airways flight at 1645 today following a goodwill visit to Myanmar [Burma]. The delegation was seen off at Yangon International Airport by Lieutenant General Tin U, commander of the No. 1 Bureau of Special Operations under the Defense Ministry and Army chief of staff; Lt. Gen. Myo Nyunt, commander of the Yangon Military Command; Rear Admiral Tin Aye, Navy chief of staff; Major General Tin Ngwe, Air Force chief of staff; Mr. Liang Feng, ambassador of the People's Republic of China; Colonel (Wu Hua Chang), military attache at the PRC Embassy; and senior military officers from the Ministry of Defense.

Malaysian Primary Industries Minister Departs*BK2806150794 Rangoon Radio Burma in Burmese 1330 GMT 28 Jun 94*

[Text] A visiting delegation led by Datuk Sri Dr. Lim Keng Yaik, Malaysian primary industries minister, and including Malaysian private entrepreneurs left Yangon [Rangoon] by air at 0800 today. The Malaysian delegation was seen off at Yangon's airport by Lieutenant General Tun Kyi, member of the State Law and Order Restoration Council and minister of trade; Deputy Trade Minister U Aung Thaung; responsible personnel from the trade organizations; and Malaysian Ambassador Mr. John Tenewi Nuek.

Vice Chairman of Rebel PNO Group Assassinated*BK3006025194 Oslo Democratic Voice of Burma in Burmese 0030 GMT 29 Jun 94*

[Text] Dear Listeners: Ko Soe Win Nyo of the Democratic Voice of Burma's Manerplaw branch has dispatched a report on the assassination of Colonel Tun Yee, vice chairman and commander in chief of the Pa-o National Organization [PNO], which had previously reached a cease-fire agreement with the SLORC [State Law and Order Restoration Council].

It has been learned that Colonel Tun Yee, vice chairman and commander in chief of the PNO, which reached a cease-fire agreement with the SLORC in December 1993, was assassinated by one of his followers.

The PNO is led by U Aung Kham Ti, and since the cease-fire SLORC has been gradually controlling and manipulating the group, said several members. SLORC has been seriously working to transform the PNO into a defense unit and to keep it under SLORC control. Col. Tun Yee, vice chairman and commander in chief, did not accept this idea. SLORC has riddled the obstacle,

Col. Tun Yee, from its path and camouflaged the incident by saying he was killed because of an internal disagreement. It has been learned that he was assassinated at the Aung Su Pan Camp, one of the PNO's camps with 15 villages along Hopong-Loikaw Road.

Concerning this matter, SLORC said Col. Tun Yee was killed because of a business conflict among PNO members. Whatever SLORC says, PNO members certainly believe that their leader was killed by the ruling junta and there is a growing dissatisfaction against the SLORC within PNO units.

Government-Backed Rebel Attack on Khun Sa Base*BK2906140794 Bangkok SIAM RAT in Thai 29 Jun 94 p 4*

[Text] According to a report, on the evening of 27 June 600 Red Wa soldiers, armed by a Burmese Government force in Tachilek, attacked the (Pakae) camp which is located on (Pakae) hill about two km from (Huanam Mae Kham) village in Burma and about three km from Ban Thoetthai, Tambon Thoetthai, Mae Fa Luang Sub-district, Thailand's Chiang Rai Province. The attack resulted in 20 Red Wa soldiers being killed and 32 wounded, while the Khun Sa force suffered 20 killed and seven wounded. The Khun Sa force, however, successfully defended its base after thirty minutes of fighting and seized several weapons from the attackers.

The clash was the first such incident after the signing of the peace accord in May by independent ethnic minority forces which oppose the Burmese Government. The Khun Sa force, however, does not have such an accord with the Burmese Government. The other ethnic minority groups hope that the Red Wa will keep its pledge to them.

On the same evening, a ceremony was held in Tachilek to welcome new recruits who will join seven battalions of the 55th Division under Major General Swu Tun, commander of the Eastern Military Command, which came from Rangoon and Toungoo. The new augmented force is likely to participate in renewed fighting in the area.

Thirty-Five 'Insurgents' Surrender 23-26 May*BK3006025394 Rangoon Radio Burma in Burmese 1330 GMT 29 Jun 94*

[Text] Members of armed groups in the jungles, who have come to realize their wrongdoings and who have accepted the work being undertaken by the State Law and Order Restoration Council [SLORC] and its genuine goodwill, have been giving up their armed struggle and continuously surrendering with their arms and ammunition at various military camps.

From 23 to 26 May, 35 terrorist insurgents—from the ABSDF [All Burma Students Democratic Front] armed group in the Southeast Military Command Region, and from the Karenni armed group in the Eastern Military

Command Region—returned to the legal fold and were warmly welcomed by responsible personnel concerned at the respective camps.

Brunei, Malaysia & Singapore

Malaysia

Minister Views New U.S. Defense Partnership

*BK2906075994 Kuala Lumpur BERNAMA in English
0253 GMT 29 Jun 94*

[Text] Washington, June 29 (OANA/BERNAMA)—The United States looks favourably at the prospect of forging a new defence partnership with Malaysia based on access to sophisticated technology, technology transfer, exchange of information and joint military exercises rather than maintaining its physical presence in the region.

Malaysian Defence Minister Najib Tun Abdul Razak said here Tuesday after a meeting with his U.S. counterpart, Defence Secretary William Perry, that he believed of a very good scope for U.S.-Malaysia defence relationship and expected it to grow stronger in the years to come based on the new realities of the region, particularly in Southeast Asia.

...A stronger Malaysia and a stronger ASEAN means that we'll be in a better position to guarantee the security of not only the Association of Southeast Asian Nations countries but the region as a whole.

As far as the Asia-Pacific region is concerned, America is still looking towards maintaining a strong presence in Japan and Korea. But as far as our region is concerned they're happy with the present arrangement...bearing in mind the U.S. budgetary constraints, he said on wrapping up his nine-day visit to the U.S. which has taken him to New York, Philadelphia, St. Louis and Washington.

Earlier, Najib was given a ceremonial welcome by American military service men at the Pentagon with a 19-gun salute, and a moving rendition of the Malaysian national anthem *Negara Ku* [My country] as well as the U.S. national anthem, *The Star Spangled Banner* by a U.S. army band.

Wider Access Called for in Japanese Market

*BK3006122194 Kuala Lumpur BERNAMA in English
0934 GMT 30 Jun 94*

[Text] Kuala Lumpur, June 30 (OANA-BERNAMA)—Japan's new Prime Minister Tomiichi Murayama will have to deal with the issue of market access which is a persistent problem to many of the country's trading partners, including Malaysia, Deputy Prime Minister Anwar Ibrahim, said here Thursday.

Japan's obvious lack of market access to exports from other countries coupled with the steep appreciation of the yen has led Malaysia, along with most of Japan's trading partners to incur deficits in their bilateral trade.

However, in the meantime, the deputy prime minister said, Malaysian exporters should strive to be more competitive in penetrating new markets while importers should look to other sources of supply for their inputs.

This would reduce the adverse effects on the yen which has appreciated markedly against the ringgit, Anwar said when responding to queries by newsmen as to what Malaysia was doing to address the trade deficit with Japan.

In January-February this year, Malaysia suffered a significant deficit in its trade with Japan of [Malaysian ringgit] RM3 billion (about US \$1.2 billion), having imported RM5.6 billion (about US \$2.24 billion) worth of goods and exported RM2.7 billion, (about US\$1.08 billion) with the major imports being machinery.

The deficit has been further compounded by the escalation of the yen, by as much as 20 percent over the past two years. Currently, the ringgit's exchange rate is hovering at 2.6288 from 2.0020/50 on June 30, 1992.

Libyan Official on Efforts To Lift Sanctions

*BK2906140594 Kuala Lumpur BERNAMA in English
0804 GMT 29 Jun 94*

[Text] Kuala Lumpur, June 29 (OANA-BERNAMA)—Libya welcomes any effort by any country or grouping, like the Association of Southeast Asian Nations (ASEAN), to arrange negotiations aimed at getting the United Nations Security Council to lift sanctions against the country.

The secretary for foreign affairs in the Libyan General People's Congress, Saad Mustafa Mujbar [name and title as received], said Wednesday his country commended Malaysia for reserving its stand on imposing wide sanctions against Libya.

The sanctions were imposed in April 1992 following Libya's refusal to hand over two of its citizens for trial in the United States in connection with the 1988 bombing of Pan America Flight 103 over Lockerbie in Scotland in which 270 people were killed.

Mujbar, who leaves for home today after a four-day visit, told a press conference that Libya was ready to co-operate with the international community to reach the truth, but not to the extent of violating its laws and constitution.

A proposal by Scotland to have the two suspects tried in Scotland was rejected by the United States, Britain and France.

Islamic Center Chief on Al-Arqam Movement

*BK2806141994 Kuala Lumpur Radio Malaysia
Network in Malay 1300 GMT 28 Jun 94*

[Text] The authorities should cooperate with the Islamic Center in countering the teachings of the Al-Arqam Movement. Islamic Center Chief Director Haji Zainal Abidin Abdul Kadir said the Al-Arqam Movement's teachings not only deviate from the basic pillars of Islam but also promote militancy and fanaticism, which threaten national security. He was speaking to reporters after inaugurating [words indistinct] at the Islamic Center. He said the Islamic Center was ready to hold discussions with Ashari Mohamed, the leader of the group, and had even invited him to do so several times. Ashari rejected the invitations, however, and instead asked his deputy to meet with Islamic Center officials.

Newspaper Banned; DAP Leader Urges Review

*BK2906142594 Kuala Lumpur NEW STRAITS TIMES
in English 25 Jun 94 p 3*

[Text] Kuala Lumpur, Fri. [24 June]—DAP [Democratic Action Party] secretary-general Lim Kit Siang today urged the Cabinet to review the Home Ministry's ban on the Tamil biweekly newspaper THOOTHAN, following its publication of reports extremely embarrassing to MIC [Malaysian Indian Congress] president Datuk Sri S. Samy Vellu.

In its latest issue dated June 22, which could not hit the news-stands because of the June 21 ban, THOOTHAN reported that about 50 taxi permits meant for the Indian community had been "diverted" to a company.

In the last three months, THOOTHAN had published exclusive interviews with former Samy Vellu confidant and MIC public relations committee chairman V. Subramaniam Barat Maniam, who had confessed to being the main "co-ordinator" in the Maika Telekom shares issue.

Lim, in a statement, said the banning of THOOTHAN for exposing political and financial scandals would make a mockery of the fight against money politics.

"Apart from raising the fundamental issue of Press freedom, democracy and human rights, it also raises the question as to whether the Government is serious about fighting corruption in all forms."

Singapore**Chief of Defense Forces, Officers Promoted**

*BK2806145594 Singapore Singapore Broadcasting
Corporation in English 1400 GMT 28 Jun 94*

[Text] Singapore's chief of Defense Force, Major General Ng Jui Ping, has been promoted to the rank of lieutenant general. Defense Minister Dr. Yeo Ning Hong presented certificates of promotion this evening to Gen.

Ng and officers promoted to the ranks of lieutenant colonel and above. The chief of Army, Brig. Gen. Lim Neo Chian, and the chief of Air Force, Brig. Gen. Bey Soo Khiang, will be promoted to the rank of major general. The promotion takes effect on Friday.

Cambodia**Official Views Plan To Develop Sihanoukville**

*BK3006052894 Phnom Penh CAMBODIA TIMES in
English 26 Jun-2 Jul 94 pp 1, 2*

[Text] The Ministry of Tourism is in the process of holding discussions with an Australian consultancy for the implementation of the proposed U.S. \$500 million comprehensive casino and international airport project at Sihanoukville.

Speaking to THE CAMBODIA TIMES, Under Secretary of State for Tourism, Chenda Sophea Sok said: "The Australian consultancy, Lewis & Partners, are among those who have been holding discussions with the Ministry of Tourism."

"The chosen consultancy will have to draw up the terms of reference for the calling of international tenders, marketing and promotional aspects of the tenders worldwide and related aspects.

Lewis & Partners have the knowledge relevant to the implementation of casinos and integrated casino-related commercial and tourism projects. However, they will have to rope in, as with other proponents, the relevant real expertise in casino operations," Chenda said.

He added that the successful consultancy will have to work with the Cambodian Development Council (CDC) and the Ministry of Tourism for the final preparations of the international tender.

"With the establishment of the CDC and the impending ratification of the Investment Law, the international tender for the casino and the airport project will have full transparency and professionalism."

Chenda said that the international standard airport to be built on the existing airstrip, about 18 kilometres from the town centre of Sihanoukville, will serve as the catalyst for growth and investments.

"The airport will offer operational synergy to investors and casino patrons will be ferried to the island casino, most probably located on Koh Puos island, just off the Sihanoukville navy base."

The entire project is expected to be completed by 1997. The key words and essentials which the Ministry of Tourism and the CDC will be looking for is financial capacity, expertise and professionalism.

THE CAMBODIA TIMES has learnt that the casino project at Sihanoukville will be the only one as this will

be one of the terms of reference demanded by the proposed investors of the project.

As such there will not be any other casinos situated elsewhere in the nation, such as in Siem Reap and Koh Kong as initially expected.

Lewis & Partners was established in 1986 as a small dynamic agency specialising in Brisbane commercial sites and related projects.

Currently, they have ventured into various aspects of real estate development, including the Gold Coast of Australia and various other international standard projects.

Chenda added that among the early interested parties for the casino and comprehensive tourism project at Sihanoukville were two large public-listed Malaysian companies, Pilecon Bhd and Genting Bhd.

Genting Bhd already operates the casino in Malaysia and also operates various other casino and other hotels worldwide.

"With the establishment of the CDC and the new Investment Law, the proposals submitted by the two Malaysian companies will be integrated into the international tender."

"The tenders are to be completed by year end and a memorandum of understanding with physical works targeted to commence in early 1995," Chenda added.

He added that the Royal Government had decided to initiate the comprehensive casino and airport project as the casino project alone will see the payment of "Up-Front Funds" to the Government.

These funds can then be used for other related infrastructural development projects, THE CAMBODIA TIMES has learnt.

Besides the casino, Chenda said that various proposals have also been received for quality seaside resort projects at Sihanoukville.

"These are currently under review and will be forwarded to the CDC for its comments soon after the proposals are made more concrete and transparent," he added.

The casino, airport and hotel are expected to contribute greatly towards the socio-economic growth of Sihanoukville and create numerous employment opportunities.

National Bank Reports on Economic Situation

BK3006054194 Phnom Penh CAMBODIA TIMES in English 26 Jun-2 Jul 94 p 14

[Text] Cambodia's current account shortfall for 1993 is estimated to stand at U.S. \$124.1 million, an increase of U.S. \$29.7 million from the previous year's deficit.

According to the National Bank of Cambodia's [NBC's] Economic and Statistics Review for March, the breakdown of the deficit balances are U.S. \$195.7 million for goods, U.S. \$36.1 million for services and U.S. \$42.6 million for the income account.

The trade deficit in 1993 marked an increase of U.S. \$16.8 million over the 1992 deficit, attributable to an 8 per cent increase in imports offset by a 7 per cent increase in exports.

Imports were estimated at U.S. \$479.3 million while exports stood at U.S. \$283.6 million for 1993. Sixty four per cent of all exports were reported to be re-exports of imported goods to countries in the region while timber exports accounted for 29.8 per cent of total exports and rubber for 5 per cent.

It is clear that Cambodia would benefit from preferential trading status with the U.S., which has yet to be granted. This would attract companies from the region to set up their labour-intensive operations here to take advantage of concessions not normally available in their own country.

For example some observers suggest that Thai textile firms might set up manufacturing operations here.

Currently, cloth and textiles amount to 16.3 per cent of total imports, thus adding to the burden of the trade deficit, which has to be improved, as increased exports of goods are a valuable source of much needed hard currency.

The Cambodia Investment Board, the operating arm of the dormant Cambodia Development Council, has identified increase of exports as the primary "objectives of national and economic importance."

The Cambodian Tobacco Company, to cite an example of a local firm, exports its products to South Vietnam, but cannot compete with the larger and more established foreign tobacco companies operating in the region, which are propped up by huge advertising budgets.

Imported cigarettes amounted to 13.5 per cent of total imports, according to NBC estimates. Foreign tobacco companies use offshore media services to market their products, although a joint venture between a Cambodian media company and Singaporean media consultancy firm will fork out some of the profits to the resident owners of the service.

Net travel services was put at U.S. \$44.3 million, a decrease of 11 per cent from the previous year—a result of the reduction in tourist arrivals for the first half of 1993—according to the NBC report.

Construction materials chalked up 5.7 per cent of total imports of goods.

In the services sector, the deficit was largely a result of imported construction services, standing at U.S. \$57.3 million.

According to the NBC report, this was "principally payments for infrastructure repairs carried out by non-resident contractors.

A net surplus in current transfers helped offset the total deficit balance. The NBC estimates that the net surplus stands at U.S. \$150.2 million, although it cautions that the figures are "estimates and that the accuracy and completeness of the information on which they are based is very variable."

Furthermore, for statistical purposes, all payments made to non-residents by donor agencies are considered as having first being paid to the government, which then on paper, disburses this to non-residents. Such an arrangement places all non-residents working with NGOs [non-governmental organizations] and other international organisations as government employees.

These payments, mobilised as funds for the government in the first place, are included in the category of current transfers.

The economy is still highly leveraged by transactions "reflecting international aid donations to the Government of Cambodia in the form of goods, short-term technical assistance and project aid" as well as capital project aid, under a separate account, which when combined with current transfers, amounts to U.S. \$325.7 millions for 1993.

Investigation To Continue Over Editor's Death

BK3006052594 Phnom Penh CAMBODIA TIMES in English 26 Jun-2 Jul 94 p 6

[Text] The Khmer Journalist Association (KJA) suspects that the death of Thu Chhammongkol, editor of ANTARAKUM newspaper, was accidental. [as published]

Pin Samkhon, KJA president, told THE CAMBODIA TIMES that the life of journalism is being threatened, but he did not unfold the source of elements that inflicted the accident on the late editor.

Mongkol was found unconscious on a city street beside his motorbike two weeks ago and was later rushed to a hospital where he died the following day. Medical reports said there was a single blow on the back of his head.

ANTARAKUM or "Intervention" has published stories regarding scandals between common people and corrupted elements in the government and articles concerning conflicts among journalistic organisations.

For instance, it intervened in the conflict between the newspapers MORNING NEWS and KAOH SANTEPHEAP till the two newspapers stopped criticising and denouncing each other.

ANTARAKUM seldom covers critical stories against government officials. Nevertheless, the newspaper's office once experienced handbomb attacks which caused injuries to some of its staff.

Minister of Information, Ieng Muli, told an editorial meeting recently that the latest results of investigation into the incident revealed the editor's death was caused by a traffic accident.

However, the minister was still suspicious of the move behind the accident.

Pin Samkhon said Sin Sen, Under-Secretary of State for National Security affirmed that he would try to find out the truth.

"Whenever, all information and results of investigation are collected, I will invite all journalists to a news conference and by then, you will know what happened to the late editor, said Sin Sen, who was well-known in the time of the State of Cambodia for his leadership in intelligence service.

Telecommunications Development Reported

BK3006091694 Phnom Penh CAMBODIA TIMES in English 26 Jun-2 Jul 94 p 14

[Text] In the old building at the Bayon Telecommunications Centre, there are still a couple of signs up in Khmer and Russian but probably not for long.

The original Soviet Intersputnik dish now carries nothing except for occasional TV transmissions and Telstra OTC's expatriate technicians have nearly completed their job of setting up a brand new International Telecommunications Centre for Phnom Penh.

The Standard 'A' satellite earth station is already completed and the necessary transmission equipment should be ready in time for commissioning in September this year.

The relationship between the Ministry of Posts and Telecommunications (MPTC) and Telstra goes back to 1990, when the Australian company first approached the Cambodians with a proposal to develop the telecommunications sector.

Since then, Telstra has invested over U.S. \$16 million of its own money in the Cambodian project. Russell Stuart, Telstra's senior representative in the country explained that telecommunications is "a revenue-generating industry...which can develop by itself".

The present financial arrangement is that MPTC will receive 100 per cent of the revenue from outgoing calls as well as 51 per cent of the revenue from incoming calls. Telstra gets the leftover 49 per cent.

The Australians are evidently making a long-term investment.

This was confirmed by Minister of Posts and Telecommunications, So Khun, on a visit to the new centre recently. He anticipated his ministry's relationship with Telstra continuing into the next century and said he "very much appreciated" Telstra's co-operation.

At present, subscriber calls first go to the General Post Office Exchange and then via fibre optic cable to the Bayon centre which currently has direct links to only four countries—Japan, Australia, Singapore and Thailand.

From September, Phnom Penh subscribers will be linked straight to the new centre's earth station which will provide access to more than 200 countries worldwide.

Telstra brought in its own workers to install the telecommunications equipment but is training 150 Cambodian MPTC staff to take over the operation of the centre.

Indonesia

Suharto Welcomes Korean Summit, Talks

BK2906132994 Jakarta Radio Republik Indonesia Network in Indonesian 1200 GMT 29 Jun 94

[Text] In his capacity as chairman of the Nonaligned Movement, President Suharto has welcomed the decision by South and North Korea to hold a summit meeting on the nuclear issue on the Korean peninsula. The decision to hold the summit meeting marks a positive development in the efforts to end existing conflicts; it is high time for the two countries to achieve national reconciliation. Speaking in Jakarta today, Nana Sutresna, chairman of the Nonaligned Movement's Executive Committee, said Indonesia also welcomes the upcoming third round of talks between the United States and North Korea and highly appreciates former U.S. President Jimmy Carter's efforts to help solve the nuclear issue. In his capacity as chairman of the Non-aligned Movement, President Suharto has also made efforts to contribute toward a peaceful settlement of the North Korean nuclear issue.

Government Welcomes New Japanese Prime Minister

BK3006132794 Jakarta Radio Republik Indonesia Network in Indonesian 1200 GMT 30 Jun 94

[Excerpts] The House of Representatives (DPR) of the Republic of Indonesia has expressed the hope that Tomiichi Murayama, newly appointed Japanese prime minister, will continue to maintain the existing good bilateral relations between Japan and Indonesia. [Passage omitted]

Madame Aishah Amini, chairman of Parliamentary Commission I, is confident that the existing bilateral relations will remain as usual following the appointment of Murayama as the new prime minister. She does not anticipate any changes in Japan's foreign policy.

Abu Hassan Sadeli, deputy chairman of Parliamentary Commission I, said Japan is Indonesia's mutually-benefitting trade partner, therefore it will continue to pay great attention to the country.

Theo Sambuaga, deputy chairman of Parliamentary Commission I, said the appointment of Murayama will not affect relations with Indonesia or with other developing countries.

* APEC Says Infrastructure Cooperation Needed

94SE0135B Jakarta KOMPAS in Indonesian 23 May 94 p 2

[Text] APEC must stress infrastructure development in order to encourage economic cooperation among its members. These steps are important, at least in order to reduce differences in the rate of economic growth among APEC members, so that by the year 2000 members of APEC will be able to cooperate with each other using the same regulations. It is estimated that infrastructure development will require about 1 trillion dollars over the next ten years.

Wisber Loeis, Director General for Foreign Economic Relations (HELN), told reporters about this resolve after APEC's Second Meeting of Senior Officials, which was held in Nusa Dua, Bali, on Friday (20 May). Mrs. Saodah BA Syahrudin, Director of Developing Nations Economic Relations (HENB) of the Department of Foreign Affairs and Johan Syahperi Saleh, Head of ASEAN's Economic Office, both of whom accompanied Wisber Loeis, also confirmed this.

Wisber Loeis said that during the period of its leadership Indonesia would emphasize the importance of cooperation in efforts to complete the infrastructure. This desire, he said, was welcomed at the Second Meeting of Senior Officials. That is why the Meeting of Senior Officials would discuss this matter further and would make a special agenda for discussing the matter at the Third Meeting of Senior Officials planned for Yogyakarta from 10-14 September 1994.

Saodah BA Syahrudin added that infrastructure occupies the most important place in APEC, considering the different levels of economic growth among APEC members.

She said that the purpose of completing the infrastructure of APEC members is to reduce the differences in the rate of economic growth among its members. Through the completion of the infrastructure it is hoped that differences in the rate of economic growth can be reduced by the year 2000 so that members of APEC can cooperate with each other using the same rules of the game.

APEC will require a budget of about one trillion dollars for that purpose. Saodah emphasized that the budgetary problems had not been thoroughly solved as of this

point. However, she said, one way that will be tried will be to involve the private sector in the arena of infrastructure cooperation.

SME [Small and Medium Enterprises] and the Private Sector

In addition to infrastructure, Wisber also said that the Second Meeting of Senior Officials ratified recommendations giving priority to expert groups in the SME industrial sector. APEC senior officials agreed on the need to hold talks on SME expert groups in order to discuss those priorities, including an increase in SME funding based on suggestions made by APEC Finance Ministers some time ago in Honolulu.

Saodah added that at the moment Taiwan is carrying out a survey to clarify definitions, the perspectives of each APEC government and concrete forms of SME cooperation. She underlined the increased role of SMEs.

She said that SMEs could become a more concrete arena for cooperation within APEC. "It's time for us to be down to earth," she said. However, these steps must be matched by efforts to increase the quality of human resources and the role of the private sector itself.

Johan Syahperi Saleh added that efforts to increase SMEs require direct policies and programs and a government atmosphere which is conducive to those issues. That is so because SMEs themselves are experiencing various problems, such as problems of access to markets, capitalization, and limitations on satisfactory management, technology and information.

Wisper Loeis said that these needs can be fulfilled within an Asia Pacific Business Network or the APB Net; there were positive reactions to plans for forming this Network at the Second Meeting of Senior Officials. Wisber said that this forum would be the arena for an interbusiness or private group cooperative network in the Asia Pacific region.

The Second Meeting of Senior Officials reacted positively to those plans because they are in line with the spirit of increasing the participation of the business community in APEC's cooperative framework, which was mandated at the KTM V [Fifth Ministerial Level Meeting] and the ALEM I [First expansion unknown] in Seattle and the First Meeting of Senior Officials held in Jakarta last February.

In a separate statement, Deputy General Chairman of KADIN [Indonesian Chamber of Commerce] Husein Aminuddin added that the APB Net jointly chaired by Indonesia and Australia enables direct interrelations within the private sector without any intermediary. It can also be a place for negotiations and exchange of information.

In principle, the APB Net is a mechanism for organizing periodic meetings within the private sector. He said that this idea has been accepted in principle by most of

APEC's members, and in fact has been especially supported by the United States. Nevertheless, other circles say that Japan has still not fully accepted the idea of an APB Net but this also does not mean they have rejected it.

"Non-binding Principles"

In addition, the Second Meeting of Senior Officials agreed to look further into the formation of APEC non-binding investment principles and the formation of a subcommittee on standards and conformance in line with the "Declaration on APEC Standards and Conformance" in Yogyakarta before the third meeting of the Committee on Trade and Investment.

He reaffirmed the relevance of the Ad-Hoc Group on economic trends and issues to provide a comprehensive analysis of the implications of regional growth. However, this meeting did not succeed in reaching a consensus on turning the ad-hoc status into an economic committee. The Second Meeting of Senior Officials agreed to lay out the detailed terms of references needed to form such an economic committee.

The problems of restructuring APEC working groups and of institutionalizing APEC will be discussed fully at the Third Meeting of Senior Officials in Yogyakarta.

Australian Prime Minister Continues Visit

Pledges Aid for East Timor

BK3006020694 Jakarta ANTARA in English 1214 GMT 29 Jun 94

[All figures in Australian dollars]

[Text] Jakarta, June 29 (OANA-ANTARA)—Visiting Australian Prime Minister John Paul Keating here Wednesday pledged an estimated \$5.5 million in aid for development activities in Indonesia's youngest province, East Timor

In an exclusive interview with ANTARA, Keating said that the aid, as part of Australia's development cooperation assistance to Indonesia in 1994/95 fiscal year, will be mainly concentrated in the agriculture and water supply areas.

Regarding Australia's position on East Timor, he reiterated that his country recognizes the sovereignty of Indonesia over the former Portuguese colony.

East Timor opted to join Indonesia as its 27th province after its people exercised their self-determination through the issuance of the Balibo Declaration in 1975.

However, Keating also said that Australia would continue to encourage the Indonesian Government to pursue a process—which he termed as "reconciliation"—with the East Timorese people.

"This includes a reduction in the military presence in the province, improved social and economic development and greater recognition of East Timor's distinctive cultural identity," he said.

Keating added that he welcomed the Indonesian Government's moves in that direction and encouraged it to continue the process.

Asked whether Jakarta's recent deregulation packages would immediately attract more Australian investors to Indonesia, he said the packages were to be welcomed as an important step that will help Indonesia attract foreign—including Australian capital.

When asked about the very liberal nature of the deregulations which drew sharp criticism domestically, he said: "Clearly the effects of the new regulations will take some time to filter through."

"However, there is no doubt that they will be attractive to Australian investors, particularly in the area of infrastructure development where we have much to offer," he said.

He also pointed out that important changes are not always painless.

"Over the past decade, Australia has had to go through a similar process of economic reform and adjustment. But these changes are crucial if our countries are to accrue the benefits of regional economic growth and integration," he said.

Keating, who is on a two-day unofficial visit here to highlight the Australia Today Indonesia (ATI) '94 trade and cultural promotion, stated that the event was further proof that both Jakarta and Canberra recognize the long term importance of not only government-to-government relations but also of business-to-business and people-to-people ones.

Reiterating that Australia-Indonesia two-way trade topped \$3 billion in 1993, he said ATI '94 will also enable up to 200 Australian exhibitors to showcase their efforts at a trade and industry exhibition.

The prime minister also thanked Indonesian and Australian media for providing extensive and positive publicity for ATI '94.

Saying that the media has a key role to play in promoting understanding between the people of Australia and Indonesia, Keating stressed that in recent years Australia has put a lot of effort into fostering contacts between media people in the two countries through visits and public diplomacy.

Keating's current visit is his third since he assumed the premiership about two years ago.

He is scheduled to make his fourth visit in November when Indonesia hosts the second informal summit of the Asia-Pacific Economic Cooperation (APEC) forum.

Addresses Trade Forum

BK2906143994 Jakarta ANTARA in English 1201 GMT 29 Jun 94

[Text] Jakarta, June 29 (OANA-ANTARA)—Australia's Prime Minister Paul John Keating has said that the relationship between Indonesia and Australia could be a model for cooperation between other developed and developing countries.

In a speech at the opening of a bilateral trade and investment forum here on Wednesday, Keating said that it also can be a model of cooperation between countries based on Western structures and values and those based on Asian models.

"The fact is that people can live side by side forever and never really be neighbours... They only truly become neighbours when they begin to talk to one another and cooperate and share interest in each other's lives, however different those lives might be," he said.

Keating is in Jakarta as part of Canberra's gigantic trade and cultural promotion "Australia Today Indonesia '94" which is attended by representatives of 200 Australian companies.

It is the largest ever trade mission to leave Australia.

He stated that the long standing ties between the two countries do not develop by accident, saying, "There is something inevitable about it".

He said that the relationship has to be initiated and common ground has to be established along with mutual respect for different history, culture and aspirations.

"So long as we share the neighbourhood... And we always will... These effort will be necessarily and very worthwhile. So long as we share the neighbourhood, we should share its responsibilities," he stressed.

But, he underlined that the job of developing the relationship would not be so easy.

"We are very different countries with very different societies, we stem from different cultures and we are at different stages of development," he said.

He said that he wanted to change Indonesia's perception of its southern neighbour.

"I want Australia to be much better known in Indonesia for what it is, a sophisticated, technologically advanced society with a diverse, open and tolerant people," he said.

"It was painful, for example, to learn... that most Indonesian still think Australia has a racially based immigration policy," he said.

Keating concluded his two-day visit to Indonesia after inspecting his country's trade exhibition at Jakarta Hilton Convention Center (JHCC) which runs from June 29 to July 2.

During the inspection, he was accompanied by Coordinating Minister for Trade and Industries Hartarto.

Meanwhile, Australia's Trade Minister Bob McMullan who led the representatives from 200 Australian companies to the exhibition said that the mission will explore new trade and links with Indonesia. "We are already seeing the beginning of this trend with several promising business deals in the pipeline," he added.

He said that while the details of these deals are still commercial-in-confidence, they include new areas of trade such as the provision of high technology systems, infrastructure developments and service provision.

"These are some of emerging fields of economic activity that must be realised if Australia and Indonesia are to significantly expand two-way trade," he stressed.

Australian companies in the exhibition include those active in the health, education, tourism, services, and energy sectors.

Editor Comments

BK2906140194 Melbourne Radio Australia in English
0630 GMT 29 Jun 94

[From the "International Report" program]

[Text] Australian Prime Minister Paul Keating's decision to raise the issue of press freedom with President Suharto during his Jakarta visit has won him applause from members of the embattled Indonesian media. The editor of TEMPO, the country's leading news magazine until it and two others were banned last week by the Indonesian Government, said Mr. Keating's remarks supporting an open press have given encouragement to reporters. But as Michael Maher reports, the Suharto government is showing no sign of lifting its media clampdown:

[Begin recording] [Maher] Paul Keating dined at the Presidential Palace in central Jakarta last night. It was a small private dinner with President Suharto, a man Mr. Keating says he's now developed the sort of relationship with that enables him to freely raise sensitive issues, such as restrictions on media freedom, and perhaps that's just as well for there was no shortage of people both here and in Australia urging, and at times demanding, that the prime minister have his say over last week's banning of Indonesia's three leading news magazines. During two hours of formal talks with President Suharto, Mr. Keating repeated his government's position that it's disappointed with the ban and pointed out that the magazine closures appeared to contrast with the growing openness in the Indonesian economy. President Suharto's reply, according to Paul Keating, was that the journals have posed a risk to national security and stability. Fikri Jufri is editor of the now-defunct TEMPO magazine. Until last week his journal was the country's most prestigious, with more than two decades behind it. He was quick to welcome Mr. Keating's remarks:

[Jufri] I appreciate that, of course, and especially if it comes from a prime minister, and you know, and especially if I read his biography, you know, he is from the Labor Party. So it's encouraging and I thank him for that.

[Maher] The government line here, though, has been that the magazine closures are very much an internal affair. Do you think that pressure from outside will have any impact at all?

[Jufri] Well if you look at several things, like the human rights here, Indonesia is not a closed society. Indonesia already feels that it belongs in international society and the press is one factor, you know, that should be reckoned with...

[Maher, interrupting] Mr. Keating did say that President Suharto told him that your magazine as well as the other two were a threat to national unity and security. Is that the case?

[Jufri] I don't see it like that, you know. You can make mistakes and... [pauses] There is still a discussion, you know. Everybody makes mistakes, but the answer is not in (?closing).

[Maher] We are seeing this week the military crackdown on demonstrations in favor of press freedom. Where does that leave you and your fellow journalists now? How are you going to get your point across?

[Jufri] Well, that is a very bad; that is very disappointing that the answer is beating and kicking, because it is just a peaceful demonstration with a few shouting and then bringing some banners. I think this is not going that far, that it, you know, creates instability, and I don't think it can stop here because you cannot kill democracy.

[Maher] While Paul Keating's low-key expression of concern may have encouraged editors like Fikri Jufri, the prime minister's main reason for being in Jakarta is to promote trade. This morning he'll be opening the biggest Australian business forum yet to be staged here. Canberra's hope is that by strengthening commercial ties with Indonesia, disagreement over issues such as freedom of expression will be more readily contained. [end recording]

* President Emphasizes Unity for Stability

94SE0136A Jakarta SUARA KARYA in Indonesian 16
May 94 pp 1,15

[Excerpts] President Suharto asked people to watch out for elements or groups in society who are dissatisfied or impatient with the results of development and who then do something to disturb national stability or maybe even damage what has already been built. It is as if they wish to erect democracy and basic human rights using Western dimensions.

We should watch out for these unrealistic ideas, said the Head of State, so that people are not taken in by them.

The Head of State stressed this at a exchange of ideas held with people from Jambi after he had dedicated a 212-km stretch of the Eastern Trans-Sumatra Highway in the village of Mandalo Barat, Batanghari Regency, Jambi. This highway will cut travel time from the nine hours that it now takes to travel the Central Highway running from the South Sumatra border through Sarolangun to the West Sumatra border down to three hours. In the near future, this stretch of highway, which cost 51.3 billion rupiahs to build, will be connected to the stretch in Riau province, which is about 650 km long.

When it is completely finished, the Eastern Trans-Sumatra Highway will stretch almost 2,500 km. The highway will connect six of the eight provinces in Sumatra—Lampung, South Sumatra, Jambi, Riau, North Sumatra and Aceh.

The Head of State warned listeners that as Asians we should use Asian dimensions. Don't put on a Westerner's shirt; of course it will be too loose, too big, like a scarecrow in a rice field and people will laugh at you.

The president said that so far the results of development have been very pleasing, and in fact every developing nation and developed nation admires and wants to imitate Indonesia. Just because there are still 25 million people who are living below the poverty line, said the Head of State, don't think that development has not had any results.

Flare-up

If people impatiently wait for the results of development, said the president, this can cause social flare-ups. These increasing challenges can only be overcome by strong feelings of national unity and integrity.

We must continue to increase these strong feelings of national unity and integrity during the present PJP II [Second Long-Term Development]. Because, during the period of take-off the challenges to development which we face are becoming even greater.

Externally, the Indonesian people must face increasing competition from other nations due to the increasing pace of globalization. Internally, because of people's rising expectations about development some people have become impatient while waiting for the results of development.

"These things do not exclude the possibility of flare-ups in our society," said the Head of State.

It is only through unity and togetherness that the Indonesian people will be able to overcome these increasingly greater challenges. During PJP II development will be sped up so that people can live in prosperity and at the same level as other, more advanced nations.

If development continues to go as well as it is now, the president is optimistic that by the year 2000 Indonesia will be at least on a level with South Korea, Taiwan, Singapore and Hongkong. However, this all depends on

the Indonesian people themselves. If the results of development are damaged through expectations which have no real foundation and there is unrest which destroys what has already been achieved, the Indonesian people will move backward. That is why unity and integrity must be maintained so that we can continue to guarantee the Trilogy of Development, i.e., national stability, growth and equity. [passage omitted]

Strengthening Unity

The increased number of highways connecting provinces with each other are providing an impetus to increased mobility. This will also increase friendly relations and will strengthen feelings of integrity and unity among our people.

Developing the transportation infrastructure, especially the roads and bridges, requires a lot of money. But development funds are limited. That is why emphasis has been placed on the development of roads connecting producing regions with marketing regions and with harbors.

Highways must be built to penetrate into regions which have been isolated up to now. By building roads it is hoped that the entire region can rise up and develop itself.

The Eastern Trans-Sumatra Highway is important not only for the economic life of the provinces through which it passes but also in order to increase cooperation with our neighbors in Southeast Asia. This through road is part of the 'Trans-ASEAN Highway'. Goods and passengers from the ASEAN countries will be transported to Indonesia and vice versa along this road. It is clear that such a road will play a strategic role in the life of our people.

Sumatra is one of the areas in which we place our hopes for Indonesia's economic development. This large island has overflowing natural resources, many mines, dense forests and broad agricultural lands. Its plantations produce rubber, coffee, pepper, oil palms and sandalwood which are well-known on the world's markets. Sumatra will be the nation's rice basket if its broad lowlands are well used and are used for tidal rice fields.

The completion of the stretch of highway in Jambi, said the Head of State, has opened up greater opportunities for the people of the province to develop more energetically in order to increase their own prosperity and welfare. There should be increased cooperation among government circles, the business world and the broader society so that the highway can provide as many advantages as possible. The highway should be used as a way of uncovering potential natural resources which are still hidden away, develop backward villages and channel the transportation of raw materials and finished products to service centers and harbors.

Continued Reportage on Media Ban

Minister Explains

BK3006031294 Jakarta Radio Republik Indonesia Network in Indonesian 1500 GMT 29 Jun 94

[Text] The government was compelled to revoke the publication permits of three weeklies recently for the sake of the national interest. Information Minister Harmoko said this in Jakarta this evening at a hearing of Parliament's Commission I chaired by Abu Hassan Sadeli. Minister Harmoko said the three weeklies had received several oral and written warnings but ignored them. During the hearing, the minister explained the reasons behind the revocation of the permits, including violation of the purpose of publication. Harmoko said the government was compelled to revoke the permits in order to develop a healthy and responsible national press.

The hearing, which also discussed the government's press policy under the Sixth Five-Year Development Plan, was attended by journalists. The hearing is still underway as this report is being broadcast.

Said 'Impossible' To Revoke

BK3006110994 Jakarta ANTARA in English 1757 GMT 29 Jun 94

[Text] Jakarta, Jun 29 (ANTARA)—Information Minister Harmoko said Wednesday night that it is impossible for the government to cancel the Information Ministry's decision to revoke the publishing licenses of the weekly-magazines TEMPO, EDITOR and DETIK.

"It is impossible for the government to cancel the decision on the press ban. But the government may issue new publishing licenses for the three publications," Minister Harmoko told the members of the House of Representatives' Commission I in a hearing chaired by H.A. H Sadeli here Wednesday night.

Harmoko said further that those opposing the government decision can bring the government into a state administrative court.

"Government complied with the law in taking the decision to revoke the three publications and if there was any party saw the government broke the law then they can take it to an administrative court," he said in answering a question put forward by Sabam Sirait, a House member of the Indonesian Democratic Party. [sentence as received]

Previously, Sabam Sirait proposed to the government to cancel its decision to revoke the publications and if the three media are considered to play one against the other, the government can take the editors of the publications to court.

The ministry said that the government was very concerned with the revocation, but it had to make the decision to defend the free-but-responsible press system in the country.

He said that the government is also very concerned with the fate of the three publications' journalists.

"I need to repeat here that the government is very concerned with the fate of the three publications' journalists," the minister stressed.

The government revoked the publishing licenses of the leading weekly magazines TEMPO, EDITOR and DETIK last week, provoking a barrage of protests from journalists, intellectuals, members of non-governmental organizations, human rights activists and students.

Editors Meet With Legislators

BK2906143794 Jakarta ANTARA in English 1220 GMT 29 Jun 94

[Text] Jakarta, June 29 (ANEX-ANTARA)—Gunawan Mohamed and Eros Jarot, editors of the defunct weeklies TEMPO and DETIK, talked with members of the House's Foreign, Defense and Information Affairs Commission here Wednesday about the government's recent decision to revoke their press publication permits.

At the meeting with the House members, Gunawan said that the revocation of their permits—formally known as SIUPP [surat izin usaha penerbitan pers—press publication permit]—was proof that there was no legal guarantee of press freedom in the country. He also said that the banning of TEMPO, DETIK and EDITOR also signifies the loss of an effective means of enhancing people's knowledge.

Eros, who has dubbed himself "the son of the nation", said that the revocation of the permits was a sign that the government was maintaining a double standard whenever it came to openness.

"On the one hand, it said that it has always encouraged greater political openness but on the other it decided to revoke our publication permits," he said.

Eros called for the revocation of a ministerial decree which allows an information minister to revoke a SIUPP, arguing that it contradicted the press law which, from a legal point of view, has a "higher position".

Indonesian press law stipulates that press closure is not allowed.

Eros also called on the government, legislators, media people and the general public to formulate a common perception of what is meant by a free and responsible press.

Chairwoman of the Foreign, Defense and Information Affairs Commission, Aisyah Amini, said it was understandable that Gunawan and Eros would want to have their licenses reissued.

"However, their wish has to be conveyed in ways which do not contradict existing regulations," she said without elaborating.

However, she also promised to bring up some of the issues addressed in her talk with Gunawan and Eros during the commission's hearing with Information Minister Harmoko Wednesday evening.

Coordinating Minister Views Security Situation

BK3006102094 Jakarta Radio Republik Indonesia Network in Indonesian 0700 GMT 30 Jun 94

[Text] Susilo Sudarman, coordinating minister for politics and security, spoke to reporters following a coordinated meeting on politics and security in Jakarta today. He said that the political situation and security throughout the country are stable and that law and order prevails. He said the country is peaceful despite sporadic demonstrations in several cities. He said the time has come for the Indonesian people to improve their awareness of the need to observe national discipline and go about doing things in the country according to law and order.

Commenting on the government's ban on three publications—TEMPO, EDITOR, and DETIK—the coordinating minister for politics and security said the decision to revoke their publication licenses was based on legal procedures, law, and acts that were committed. He said the government is concerned about the fate of journalists and other employees of the three banned publications. Therefore, the government will probably issue a new publication license to cater to current needs in accordance with the perception of a free press that is responsible and based on Pancasila values.

*** Bank Liquidity Conditions Called Normal**

94SE0127B Jakarta BISNIS INDONESIA in Indonesian 17 May 94 p 1

[Text] Jakarta (BISNIS)—Bankers feel that banks are now in a condition of liquidity, although it is possible that some banks use SBPU's [money market certificates] to resolve short-term funding.

Some private bankers contacted separately in Jakarta by BISNIS expressed their optimism that banks are generally liquid, meaning that in the short term there will be no banking crisis in Indonesia.

"Banks with excessive liquidity, possibly in anticipation of the recent 'rush' on U.S. dollars, are in normal position," said Krisnaraga Syarfuan, director of Nusbank.

A similar opinion was presented by Timothy E. Marandus, president director of Hagabank. "Indeed, in April there was a slightly tight situation when owners of rupiah deposits transferred them to buy U.S. dollars; but it did not go so far as a 'rush,'" he said.

Based on the most recent weekly data (the edition of 28 April) from the central bank, the SBI (Bank Indonesia Certificate) position in the fourth week of April 1994 was 17.393 trillion rupiah, and the SBPU (money market securities) position was 4.157 trillion rupiah, thus producing a net SBI position of 13.236 trillion rupiah.

Compared with positions of January 1994, when the SBI position was 24.813 trillion rupiah and that of SBPU's was 1.317 trillion rupiah, producing an SBI net of 23.496 trillion rupiah, a decline of 10.26 trillion rupiah in the value of SBI's occurred during the period January through April of this year.

From another aspect, assets in the form of gold and foreign currency declined from 40.597 trillion rupiah (January) to 35.623 trillion rupiah, as seen in the Bank Indonesia report.

According to banking observer Rijanto, this change in Bank Indonesia assets also reflects the withdrawal of foreign currency that occurred in the banks as an impact of the shifting of some depositor attention from rupiah to U.S. dollars.

Rijanto warned domestic bankers not to be snared by the actions of foreign fund managers, whom he likened to bees looking for flowers (profits), who have withdrawn overseas for the time being.

"Thus, when deposit interest rates in Indonesia become attractive again, the 'bees' will come here and naturally add to the foreign exchange here," he said.

Commenting on the Central Bank's report of an SBPU increase from 1.317 trillion rupiah to 4.157 trillion rupiah, Rijanto said there are two reasons. Banks with serious liquidity problems use SBPU's because of the difficulty in getting funds from "interbank call money."

The other factor is that banks which have not yet raised deposit interest rates are temporarily seeking funds via SBPU's to cover funds shifted from rupiah to U.S. dollars.

Modern Bank President Director Bobby Sudarso also confirmed the stability of bank liquidity. "A comparison of SBI and SBPU data indicates that banks are liquid," he said.

Andries Sunarko, director of the Trade and Industry Bank (BDI Bank), also claimed that banking conditions at present are merely normal.

"There is nothing special in banking conditions at present. Although, there has been a 2-trillion-rupiah increase in credit in the last month, that figure still represents a normal condition," he said.

Laos

Province, PRC's Yunnan Agree on Cooperation

*BK2906135494 Vientiane KPL in English 0958 GMT
29 Jun 94*

[Text] Vientiane, June 29 (KPL)—Laos' northernmost province of Luang Namtha and China's southern province of Yunnan have agreed on augmenting the cooperation in economy, techniques, commerce, tourism, culture and communication in the future.

The agreement is indicated in a memorandum signed between the vice-governor of Luang Namtha and the deputy-chief of the Foreign Relations Office of Yunnan during the visit to the northern province of Laos between June 24-26.

The two sides agreed to make the cooperation more efficient. Luang Namtha will support state, collective and private enterprises of Yunnan to invest in its provinces on the principle of mutual benefit, whereas the Chinese side is pleased to seek financial sources and participate in the tender for the construction of Boten-Luang Namtha-Bokeo road. This road will link Yunnan with Thailand via Luang Namtha and Bokeo Provinces of Laos.

The discussion also touched upon the exchange of visits between the Lao and Chinese people in the border areas of Boten check-point of Laos and Yunnan, as well as the [word indistinct] border crossing.

Deputy Prime Minister's Speech in Geneva

*BK3006035994 Vientiane KPL in English 0908 GMT
29 Jun 94*

[Text] Vientiane, June 29 (KPL)—Deputy Prime Minister Khamphoui Keoboulapha, who led a Lao PDR [Lao People's Democratic Republic] Government delegation to the fifth roundtable conference in Geneva, Switzerland, returned home on June 26.

This conference was attended by delegations from 15 countries, including Australia, Belgium, Canada, Finland, France, Germany, Italy, Japan, New Zealand, Norway, Sweden, Thailand, Great Britain and U.S.A., and from UN specialised agencies and Swiss nongovernmental organisations.

Khamphoui Keoboulapha, who is also president of the Committee for Planning and Cooperation, presented a speech to the roundtable conference, indicating the strategies for social and economic development in the Lao PDR from now to the year 2000. The following is the full text of the speech:

I feel most privileged to be participating in this fifth roundtable meeting and to be meeting the distinguished participants in this beautiful city of Geneva. On behalf of the Government of the Lao PDR, I would like to thank the United Nations Development Programme for

its coordination and support in organizing this meeting. I believe that this meeting will provide opportunities for discussions and exchanges of very useful experience, and it will also give us a chance to talk about the outcome of the valuable and effective assistance so far provided to the Lao PDR by various countries, international organizations, nongovernmental organizations, and international financial institutions.

Moreover, we will also discuss strategies for socio-economic development in the Lao PDR for the period from now to the year 2000 and present the new aid requirements that will enable us to overcome any difficulties in the coming years.

I wish to take this opportunity to underline once again the special features of our country, which is a small, underdeveloped, and poor country, but endowed with rich natural resources. It is located in the middle of five countries and can also become the transit route for the South-east Asian region.

Since 1986, the Government of the Lao PDR has initiated economic reform by moving away from a centrally planned economy. We have acknowledged the rights of all the economic sectors, which are prevailing and expanding in Laos on an equal footing, and we have promoted competition among all the economic sectors under the constitution, laws, and regulations of the state. Concomitantly, the Lao PDR has steadfastly maintained an open door policy on relations and cooperation with other countries by vigorously promoting foreign investment in the Lao PDR on the basis of the law on foreign investment, which was adopted by the National Assembly in August 1988. And in October last year, we adopted a new version of the foreign investment law with the aim of creating more incentives and confidence for foreign investors in the Lao PDR and leading the country forward to an overall process of development in the subregion and region, contributing to the strengthening of peace, friendship, stability, and cooperation in this region and in the world.

During the period starting from the 4th roundtable meeting onwards, the Lao PDR has experienced satisfactory success in the development of the country by achieving an average economic growth rate of 6-7 per cent per annum. The Lao currency, the kip, has been stable. The inflation rate has decreased from a level of 10 per cent in 1992 to 6.3 per cent in 1993. The foreign exchange reserves have been increasing, covering up to two months of imports; this is due to the growth in external trade and services. Simultaneously, the pace of investments made by domestic and foreign investors has been drastically increased as compared with the same period last year. At the end of March 1994, the government has already given approval to 476 investment projects amounting to U.S. \$1,340 million, the investments were mainly in the development of hydro power.

Broadly speaking, the Lao PDR has up to now been enjoying political and socio-economic stability. We,

however, are still facing many difficulties. The national income, despite the increasing growth, is still very low—per capita income is less than U.S. \$300 per year. The production, mainly in agriculture, is still dependent on the mercy of nature. The population, comprising the different ethnic groups in the mountainous areas, live by practising slash-and-burn cultivation—a practice that destroys hundreds of thousands of hectares of forest area per year. A high level of illiteracy still prevailing. The mortality rate for children under five years of age is high. The labour force possesses inadequate skills for the level of science and technology used and the socio-economic and legislative infrastructure is below par.

From the viewpoint of the above-mentioned situation, in early 1993 the National Assembly adopted the framework for the socio-economic development plan for the period up to the year 2000 aiming at creating the agriculture-forestry industry and service economic structure. The land, forestry, sustainable water resources and with a special focus on the preservation of environment. In the immediate term, based on the geographical location of the Lao PDR which is situated in the middle of five countries in the sub-region, our government will concentrate its efforts on the expansion of the transportation and communication network. Development of hydro-electricity which constitutes our main natural resource, will also be pursued so as to meet the domestic and export demands. At the same time, we also highly commit ourselves to human resource development.

In the process of the socio-economic development, the Lao PDR stresses the emphasis on rural integrated development strategy in order to alleviate the poverty situation in Laos, particularly in the remote areas. This strategy also seeks to distribute income and the success of the economic reform to the remote areas, particularly to the areas inhabited by the ethnic minorities with an aim to upgrade the living conditions of the people in these areas, and also to ensure the continuous and balanced growth of the urban and rural areas, and of the industrial economy, and the protection of the environment.

With respect to the regional development, at the outset we will focus on five central provinces since these provinces are the concentration areas of the resources in hydro power, agriculture-forestry and mining. This will be done by the integrated development of these areas, simultaneously ensuring sustainable use of resources and the protection of the environment.

Our government places high importance on the development of the roads in these areas in order to create conditions for transportation and market access for the population and for the improvement of their living conditions. Meanwhile education and public health will also be expanded. For the northern and southern regions, we also have a plan for the development of these regions also with the other regions. Recognizing the importance of investment in human resource development, our government adopted the national program for children

to the year 2000 in order to achieve the mid-term goals for children. At the same time, the government places high priority on the drug control programme to the year 2000 in order to reduce gradually and eventually eradicate opium production, which will constitute a contribution from the Lao PDR to the solving of this global problem in the 20th century.

In order to expand the strategies for the socio-economic development to the year 2000, we have prepared the preliminary directions of the Public Investment Program [PIP] from 1995 to 2000 for presentation to this round-table and consideration by distinguished participants. The full version of the PIP will be issued after adoption by our National Assembly, which will hold its session by the end of this year. We then will expand it further in details for each particular year.

With respect to the PIP working programme to the year 2000, the government places increasing importance on the social sector, particularly in public health and education, with an estimated level for investment of 20 per cent by the year 2000. At the same time, the government will improve the quality of the health and educational services to the rural areas, especially those inhabited by ethnic minorities.

Concerning the investments in infrastructure, government priorities remain on the construction and maintenance of roads, especially national highways and roads linking Laos to neighbouring countries with particular emphasis on road access to the rural areas. From now to the year 2000, in particular the projects for the construction of rural roads will cover the length of 1,500 kilometres with an investment requirement of approximately 98 million dollars.

In order to help people getting free from the subsistence production, to address the issues of the slash-and-burn cultivation and to ensure the protection of the environment, the government feels the necessity to carry out the integrated rural development strategy. In the coming years, the irrigated land areas must be further expanded by 50,000 hectares, which will require funding of about 56 million dollars. This project will free us from famine and food inadequacy. We also have the programme for encouraging people to grow trees in the area of about 100,000 hectares in order to preserve water resources and environment. This project will require funding of about U.S. dollars 40 million, the programme for the production of the agricultural commodities such as coffee, cardamom, sugar cane, maize and tobacco, a project for supplying livestock, about 310-400,000 heads of cows and buffaloes to the population in the mountainous areas. In addition, we also place utmost importance on health care and on upgrading the quality of education, particularly the vocational training in order to enable the population of different ethnic groups to have a regular source of income. This will require the investment of about 41.5 million dollars.

Although in general we will give attention to the promotion of the increasing role of the private sector in the implementation of different projects such as hydro power, transportation and communications and other sectors, our government is still facing requirements of large amounts of capital. In order to finance the implementation of projects towards the achievement of various goals by the year 2000, and to maintain economic growth at the average rate of 8 per cent annum, we need public capital investment at the level of U.S. dollars 150 million in 1994 and U.S. dollars 300 million by 2000. We expect direct foreign investment at the level of 3 billion dollars from 1994 to 2000. Of the total amount of 1.4 billion dollars, U.S. dollars 460 million has already been committed, leaving a balance of U.S. dollars 940 million for 1994 to 2000. We, therefore, request distinguished representatives of the governments, international organizations, non-governmental organizations and international financial institutions, helping us and who have provided us with assistance during the past, to have sympathy for our situation and kindly consider to provide valuable assistance to the Lao PDR in order to enable us to achieve new progress in the process of the economic reform being undertaken in our country.

Here and on this occasion, on behalf of the government and the people of the Lao PDR, I would like to express my sincere thanks for the valuable support and assistance to the governments and people of various countries, to the international organizations, the non-governmental organizations and to the international financial institutions.

From the useful comments made during the previous 4th roundtable meeting, our government has attempted to solve a number of shortcomings in the areas such as:

The coordination of the management of foreign aid:

- in early 1993, the National Assembly adopted the improvement in the government by the establishing of the Committee for Planning and Cooperation and the Ministry of Finance so as to play the role in coordinating with the concerned agencies in the management of loans and foreign aid.
- in addition the government has also prepared a draft of decree concerning the management of loans and foreign aid by defining general principle determining the regulations governing the management of external resources and methods for the implementation, which will be put into effect soon.
- simultaneously we have also prepared and formulated the rules concerning the international procurement and bid, and rules concerning the management to the projects. In addition, we have paid increased attention to the planning and budgeting activities as well as to the monitoring and supervision of the implementation of the projects.
- the government has attempted to improve the civil service in different ministries in order to ensure the availability of staff managerial and administrative. In addition, attention has been placed on technical and language training, both inside and outside the country.

Through the 4th roundtable meeting, the government of the Lao PDR has collaborated with the United Nations Development Programme and with the international organizations and governments of different countries so as to put the outcomes of the meeting into practice, particularly the execution of the project for the "economic-financial management" which is the project that entailed the collaboration with Asian Development Bank and the International Monetary Fund towards the improvement in the mechanism for the coordination between the planning, programme formulation, budgeting and treasury activities, and for the coordination of paid. [sentence as received] Furthermore, conferences were held in order to discuss different issues raised by the 4th roundtable meeting which proved to be useful for addressing the drawbacks.

For the activities to expand the result of this 5th roundtable meeting, I would like to propose the following agenda:

- presentation of the programme for public investments for the period 1995-2000
- discussion of the project for human resource development
- discussion of the project for the development of the transportation and communication sector
- discussion of the project for the development of the energy sector.

Thus in order to use all the funds in an effective and regular way, we will have to study and make all the projects more appropriate to the reality and the specific aspects of Laos in order to make the Lao people be in the position to implement the projects efficiently with the help and assistance of experts.

I therefore invite comments from the delegations.

The government of the Lao PDR is most willing to continue the next rounds of discussions with distinguished representatives from countries, international organizations and financial institutions which have provided assistance to and are interested in the process of socio-economic development in the Lao PDR.

Once again, on behalf of the government of the Lao People's Democratic Republic, I would like to express my heartfelt thanks to the chairman of the meeting and to the United Nations Development Programme for the support in holding this 5th roundtable meeting. Thank you, distinguished representatives from countries, international organizations and international financial institutions for participating in the meeting today.

Philippine Delegation Continues Visit

Received by Acting Minister

*BK2906141394 Vientiane KPL in English 0951 GMT
29 Jun 94*

[Text] Vientiane, June 29 (KPL)—Visiting speaker of the House of Representatives of the Philippines Jose de

Venecia met Acting Foreign Minister Souban Salitthilat at the guest house "Vang Sadet" yesterday.

Souban Salitthilat welcomed the visit to Laos by Jose de Venecia and his delegation, saying that it would contribute to developing the time-honoured relations of friendship and cooperation between the peoples of Laos and the Philippines.

In reply, the House speaker thanked the acting foreign minister for a warm hospitality rendered to him and his party. He acclaimed the initial achievements the people of Laos have scored in the tasks of national defence and development through broadening relations and cooperation with foreign countries.

The delegation of the House of Representatives of the Philippines in the afternoon travelled to Luang Prabang. It was accompanied by National Assembly Standing member Chaleun Yiapaoheu and other members of the National Assembly.

Meets President

BK3006095894 Vientiane Vitthayou Hengsat Radio Network in Lao 0000 GMT 30 Jun 94

[Text] Yesterday at the Presidential Palace in the capital, Vientiane, His Excellency [H.E.] Nouhak Phoumsavan, president of the Lao People's Democratic Republic [LPDR], received a courtesy call from a high-level delegation of the House of Representatives of the Republic of the Philippines [HRRP] headed by H.E. Jose De Venecia, speaker of the HRRP and chairman of the AIPO [ASEAN Interparliamentary Organization], which is paying an official visit to Laos.

During the call, the host and the guest chatted and exchanged views with each other in an atmosphere of warm friendship. The two excellencies highly valued the fine relations and cooperation between the governments and peoples of the two countries—Laos and the Philippines—and discussed the direction for further developing and strengthening their friendly relations, solidarity, and cooperation amid the rapidly changing world and regional situations, which are favorable to the trend toward peace, friendship, cooperation, and development.

H.E. President Nouhak Phoumsavan sincerely hailed the official friendship visit to the LPDR by the high-level HRRP delegation headed by H.E. Jose De Venecia, terming it as a new, auspicious step in developing and strengthening the friendship between the parliaments and peoples of Laos and the Philippines. H.E. Jose De Venecia expressed his satisfaction and profound thanks to H.E. President Nouhak Phoumsavan for according him and his party a warm welcome. At the same time, H.E. the HRRP speaker also informed the LPDR president of the results of the talks between the delegations of the HRRP and the LPDR National Assembly, which served to forge mutual understanding and to create a

basis for strengthening the relations of friendship and cooperation between the legislative institutions of the two countries.

H.E. Saman Vi-gnaket, [chairman of the LPDR National Assembly], was also present at the courtesy call, together with H.E. President Nouhak Phoumsavan, to welcome H.E. Jose De Venecia and the party.

House Speaker Hails Success

BK2906123094 Vientiane KPL in English 0901 GMT 29 Jun 94

[Text] Vientiane, June 29 (KPL)—The visiting speaker of the House of Representatives of the Philippines, Jose de Venecia, has appreciated the economic performance of Laos, saying that the economic growth of 6 percent to 8 percent or the inflation rate on 8 percent are a good sign.

Jose de Venecia said this in exchanging a speech with Lao National Assembly President Saman Vi-gnaket at a banquet on June 27 evening.

He said that upon returning home, he would strongly propose President Fidel Ramos and leaders in the House of Representatives for the re-opening of the Embassy of the Philippines to Laos, and that in 1992 his country was a sponsor for a draft resolution concerning the admission of Laos to ASEAN. He said he hoped to try by all means for Laos to earlier become a member to this organisation than scheduled.

Jose de Venecia, recalling his visit to the country in 1960 to attend the inauguration of the former Hospital OB (the present Setthathilat Hospital) in Vientiane, one of the twelve hospitals the Philippines handed over to Laos, said that both sides may consider the building of the same type of hospital. He said he was pleased that the leadership of Laos was moving into the international orbit on the market economy. He said they consider Laos an important member to ASEAN, adding that in this context, president Fidel Ramos has given importance to turning this region "a unique one and a common [word indistinct], making a unique Southeast Asia".

Lao National Assembly President Saman Vi-gnaket in his speech at the banquet placed a high value on the talks in Vientiane between the two legislative bodies, noting that these talks clearly reflected the ties of friendship between Laos and the Philippines. He thanked the house speaker of the Philippines for having a good impression on Laos and congratulating Lao leaders over their efforts at moving the national economy along the market economy and into the international orbit.

He said he was impressed by the word Jose de Venecia said that "though having one party, the Lao PDR [People's Democratic Republic] can make a fine democracy". The National Assembly [as received] said that the Lao People's Revolutionary Party has no other objectives than to bring happiness and well-being to the people of all ethnic groups and to make the country stronger. He

said he was pleased to hear that the house speaker of the Philippines would be active in making consultations at the ASEAN meeting to admit Laos as permanent member to this association.

Ends Visit, Departs

BK3006140794 Vientiane Vitthayou Hengsat Radio Network in Lao 1200 GMT 30 Jun 94

[Text] A high-level delegation of the House of Representatives of the Republic of Philippines headed by His Excellency [H.E.] House Speaker Jose de Venecia, left Vientiane for home this morning after ending with a glorious success a five-day official friendship visit to the Lao People's Democratic Republic [LPDR]. A ceremony to bid farewell to H.E. Jose de Venecia, his wife, and delegation was held at the National Assembly Hall in Vientiane capital at 1200. The ceremony was attended by H.E. Saman Vi-gnaket, chairman of the National Assembly of the LPDR, and H.E. Khambou Sounisai, vice chairman of the National Assembly, along with ministers, deputy ministers, chiefs of commissions, members of the National Assembly, and a number of cadres concerned.

During the five-day visit, H.E. Jose de Venecia and his delegation held talks with H.E. Saman Vi-gnaket, chairman of the LPDR National Assembly. The Philippine delegation also paid a courtesy call on H.E. Nouhak Phoumsavan, president of the LPDR, at the Hokham Presidential Office. The delegation visited the friendship bridge across the Mekong River, the Multiethnic Cultural Garden in Hatsaifong District, the That Louang Pagoda in Vientiane Municipality, and the Nam Ngum Hydroelectric Plant in Vientiane Province. They also traveled to Luang Prabang Province to visit some production and cultural establishments.

Prior to their departure for home this morning, H.E. Jose de Venecia, together with his wife and delegation, visited the Setthathilat Hospital, known as OB Hospital—one of twelve hospitals built for Laos by the Philippine Government and people in the 60's. This hospital is now still provides medical service for the people in general. It has 200 beds and is equipped with more than 200 medical cadres. In 1993, the medical cadres gave medical checkups to more than 30,000 outpatients and medical treatment to more than 90,000 inpatients. During the visit, H.E. the House Speaker and his delegation were amiably welcomed by Mrs. Vanphen Phonsena, deputy director of the Setthathilat Hospital, and medical cadres of the hospital. Mrs. Vanphen Phonsena briefed the Philippine House Speaker on the history of the hospital. The Philippine House Speaker later said that he will continue to render aid to Lao medical cadres and physicians for medical training in the Philippines. He also pledged to supply the hospital with more medical equipment.

At 1200, H.E. Chairman of the LPDR National Assembly and H.E. House Speaker of the Philippines jointly signed a press release on the success of the visit to

Laos by the delegation of the House of Representatives of the Republic of Philippines.

Defense Minister Receives Thai Military Group

BK3006091394 Vientiane Vitthayou Hengsat Radio Network in Lao 0000 GMT 30 Jun 94

[Text] Yesterday at the National Defense Ministry, Lieutenant General Choummali Sai-gnason, national defense minister, received Lt. Gen. Oraphan Watthanawibun, chairman of the Thai-Lao General Border Peacekeeping Cooperation Subcommission, who is leading a delegation to attend the second annual meeting of the said subcommission held in Vientiane on the same morning.

During the visit Minister Choummali Sai-gnason hailed Lt. Gen. Oraphan Watthanawibun and his party for their participation in the meeting in the Lao People's Democratic Republic. He highly assessed the execution of work by the two subcommissions in the recent past as well as the fruit of their latest meeting. He hoped that the normal relations and regular consultative meetings between the two subcommissions would result in practical measures, thus gradually reducing unrest in some localities, bringing genuine peace to the borders of the two countries, and further developing and strengthening the relations and cooperation between the governments and peoples of Laos and Thailand.

Meeting Held With Thai Border Subcommission

BK3006094494 Vientiane Vitthayou Hengsat Radio Network in Lao 0000 GMT 30 Jun 94

[Text] The second meeting between the General Border Peacekeeping Coordination Subcommissions [GBPCS] of Laos and Thailand was held at Latsavong hotel, Vientiane, yesterday with the participation of Brigadier General Douangchai Phichit and Lieutenant General Oraphan Watthanawibun, respectively chairmen of the Lao-Thai and Thai-Lao GBPCS's. The meeting—the continuation of the first session held in Nong Khai, Thailand, yesterday—reviewed the cooperation between the two sides in the past three months and looked for ways to resolve all remaining problems with the aim of bringing peace to the border of the two countries and turning it into a border of genuine peace and friendship.

Reviewing the successful meeting, Brig. Gen. Douangchai Phichit and Lt. Gen. Oraphan Watthaphibun informed the Lao media of the outcome, saying that the two sides agreed that the situation along the border of the two countries is generally peaceful, with the Lao and Thai peoples maintaining regular contacts with one another. As for the unrest occasionally taking place in some areas, the two sides agreed that it had been caused by a number of bad elements who have ill intentions toward the relations of friendship between Laos and Thailand and are crossing back and forth across the border of the two countries.

Assessing the border trade between the Lao and Thai peoples, the two sides were agreed that a number of elements have employed illegal border trading practices in defiance of the laws of the two countries, thus committing border intrusions in some localities. Regarding this development, the two sides agreed to step up official consultations at the local level and to educate people to more effectively comply with state laws. At the same time, the Armed Forces of the two sides must also strictly carry out their duties and translate into reality the agreement signed by the subcommission chairmen of the two sides.

With regard to an allegation against the Lao People's Army [LPA] made by Colonel Prasit Mongkhontham, deputy chief of staff of the Thai Third Region Army and a member of the Thai-Lao GBPCS, charging through Thai radio, television, and newspapers that the LPA used toxic chemicals to contaminate water and greenery in areas along the Thai-Lao border opposite Chiangkhan District in Phayao Province, Mae Rim District in Nan Province, and Ban Sok village in Uttaradit Province, killing many people and animals, the two sides said that the allegation was groundless. Colonel Prasit Mongkhontham even admitted at the meeting that his statement was untrue. The colonel later gave a press briefing following the meeting at the hotel, saying that his allegation against the LPA was found to be untrue after some checking. What he said was only aimed at urging local people to be more careful.

FAO To Assist Agricultural Statistics Project

*BK2906141194 Vientiane KPL in English 0954 GMT
29 Jun 94*

[Text] Vientiane, June 29 (KPL)—The Ministry of Agriculture and Forestry and the FAO [UN Food and Agriculture Organization] on June 24 signed here an agreement on the hand-over of assistance to the agricultural statistical improvement project.

The agreement was signed by Thongsavan Phomvihan, acting director of the International Organizations Department of the Ministry for Foreign Affairs, and Francis J. Muttapa, FAO representative to the Lao PDR [People's Democratic Republic] in the presence of Phimpha Thepkhamheuang, deputy minister of agriculture and forestry and other high-ranking officials of the two sides.

The assistance worth 299,000 U.S. dollars from FAO to the agricultural statistical project is aimed at helping the Lao PDR in building statistics and providing reliable data on foodstuff for working out a policy for the agricultural sector.

This project will be implemented for a period of 18 months, from July 1994 to December 1995.

Philippines

Trade Gap for First Quarter at \$1.66 Billion

*BK3006033994 Manila BUSINESS WORLD in English
26 Jun 94 p 15*

[By Allan L. Cabrera]

[Text] The Philippines' world trade performance deteriorated in the first quarter of the year, latest statistical report from the Bangko Sentral ng Pilipinas [Central Bank of the Philippines] shows.

The country incurred a \$1.66 billion trade deficit as a result of accumulated import expenditures amounting to \$4.58 billion as against \$2.92 billion in export earnings.

This worsened as the country's trade relations with five various world groups registered extensive imbalances.

For instance, trade with Asian neighbors experienced the most significant slump as the country registered a negative balance of \$1.33 billion. This was attributed to poor performance with RP's [Republic of the Philippines] second major trading partner, Japan.

JAPANESE

The country lost \$709 million to the Japanese market alone. This accounted for 53.4 percent trade setback with Asia.

The shortfall was traced to extensive importation of capital equipments as well as electronics and components from Japan—the country's biggest source of imports.

Among members of the Association of South East Asian Nations, the Philippines registered deficits from its trade with Indonesia and Malaysia. Export earnings from Brunei Darussalam and Thailand however were not enough to offset these setbacks.

Still, Bangko Sentral statistics shows the country's foreign trade transactions with Middle East and Oceania posted huge imbalances totalling \$434 million.

Moreover, this was coupled with poor trade from European partners registering \$60-million deficit after yielding a surplus of \$20 million in the same period a year ago.

UNITED STATES

On the other hand, transactions with the United States posted a positive outcome. The country gained \$212-million surplus from the its biggest export market, a 7.6 percent improvement from P[Philippine peso] 197 million surplus in the first quarter of 1993.

Dollar receipts from the United States comprised 37.7 percent of the country's aggregate export earnings. The

United States continued to dominate the Philippine market of garments, electronics and agricultural products.

APPRECIATION

The country's worsening trade position had also been attributed to the relative strengthening of the peso against the U.S. currency. Bangko Sentral data show the Philippine peso appreciated to an average of P27.73:\$ in January to P27.53:\$ in March.

Analysts, however, forecasted an increase in overall economic growth that will be accompanied by brisk expansion in imports of capital equipments.

Estrada Views Plans To Open Offices in PRC

BK3006034394 Manila MANILA BULLETIN in English 25 Jun 94 pp 1, 8

[By Ferdie Ramos]

[Text] Guangzhou, China—Vice President Joseph Estrada, on the final leg of his goodwill visit to the People's Republic of China, said yesterday the Philippines will open two government offices in China to strengthen the cultural and economic relations between the two countries.

Estrada said the first Philippine Trade Center will be opened soon here in Guangdong province to enable the Filipinos to share in the 20 percent economic growth of the southern coastal region of China.

He said he will recommend to President Ramos the immediate opening of a consular office in Xiamen, Fujian province, ancestral home of most Filipino-Chinese.

Estrada made the announcement on the opening of the Philippine Trade Center at the luncheon meeting hosted by Guangdong Vice Governor Ou Guangyuan for the 20-man Philippine mission at the China Hotel yesterday noon.

Estrada told businessmen here the trade center will be opened "in our desire to intensify trade cooperation with your country."

The trade center will open the access door for the Philippines to China's commerce as a whole, and particularly to Guangzhou, the marketing base of China, Estrada said.

Estrada said through the trade center, the Philippines can pursue its \$600 million trade target under the recent 17th RP[Republic of the Philippines]-China trade protocol.

The bilateral trade agreement was forged during the meeting of Estrada with China's Vice President Rong Yiren in Beijing.

"We are missing a lot of business opportunities, considering that most of the inquiries are from Guangzhou businessmen, and our embassy in Beijing is simply too far and undermanned," Estrada said.

The opening of the trade center was approved by the Department of Trade and Industry with Agustin Mangila Jr., trade service officer, as officer-in-charge.

Meanwhile, Estrada said he agreed on the opening of the Philippine consular office in Xiamen, not Shanghai and Guangzhou, after studying its advantages.

"First, we will pioneer in the area, one of the fast growth centers of China. But we give more weight to our emotional historical attachment to Fujian province," Estrada said.

Fujian is the ancestral home of the family of former President Corazon C. Aquino. The grandfather of Senator Anna Dominique Coseteng, Don Eduardo Coseteng, founder of a bank, was mayor of Xiamen.

Coseteng, a member of Estrada's mission, said she will sponsor a Senate resolution to endorse the opening of the Xiamen consulate.

Manila, Jakarta Agree To Implement Laws

BK3006052394 Manila BUSINESS WORLD in English 28 Jun 94 p 10

[Excerpt] The Philippines and Indonesia both agreed to undertake several measures and implement existing international laws on defining maritime boundary between the two countries, Foreign Affairs Undersecretary Rodolfo Severino said yesterday.

Mr. Severino, who headed the Philippine delegation on the first senior officials meeting on delimiting maritime boundary between the two states, said both governments agreed to:

- implement the principles of international law, including the 1982 convention on the law of the sea and the treaty of Paris, whenever applicable;
- to use the median line principle in defining the RP [Republic of the Philippines] boundary; and,
- to use "creative options" in delimiting maritime boundary lines should the need arises.

The two also agreed on mapping methodology, although Mr. Severino did not elaborate further.

On the use of "creative options," Mr. Severino said the two governments will take into consideration maritime resources when employing this method.

However, he said other considerations will likewise be given importance under special circumstances like geography and history.

The meeting on maritime boundary was the result of an earlier agreement between President Ramos and Indonesian strongman Suharto during the president's working visit to Indonesia in September last year.

Manila will host the second round of talks on delimiting maritime boundary. However, no specific dates were disclosed by Mr. Severino.

The Jakarta meet was the first official seniors meeting between the two governments on maritime boundaries after a controversial conference on East Timor sparked a diplomatic row between Manila and Jakarta. [passage omitted]

Panel, RAM Agree To Accelerate Negotiations

BK3006050394 Manila BUSINESS WORLD in English 28 Jun 94 p 10

[Text] The government panel and the Rebulosyonaryong Alyansang Makabansa [as published; Revolutionary Nationalist Alliance] (RAM) agreed yesterday to accelerate negotiations in ending military rebellion in the country.

Government panel chairman Prof. Alfredo Tadiar said both panels have decided to do away with the technical working committees and instead hold a weekly panel-to-panel meeting starting 8 July.

The objective of the direct panel meetings, he said, is to prevent further delays in the talks with military rebels which has been going on since 1992.

"It was a suggestion from the RAM to do away with the working committees. We may just call on them as the need arises," Mr. Tadiar said.

Navy Capt. Danilo Lim, a member of the RAM panel, told BUSINESS WORLD his group has often called the attention of the government on the slow pace of peace negotiations.

During a news briefing at BUSINESS WORLD last month, former Army Col. Gregorio Honasan expressed discontent over the government panel's effort to forge a lasting peace agreement with the RAM.

Still, speculations are up that RAM is pushing for a faster pace as several RAM members may be planning to run for the elections next year. If the talks succeed, the RAM members may qualify to run for a government position, particularly if they were recommended for amnesty under the twin amnesty proclamations recently issued by President Ramos.

Electoral reforms are the first in the list of areas to be discussed by the panels two weeks from now. Mr. Lim said the reason why the RAM is rushing with reforms in the electoral system is because of the desire of the military reform group to inject several provisions in the proposed electoral code before the elections next year.

"The urgency is high because we want to include our agreement on electoral reforms in the new election code," he said.

Topping the list of areas to be discussed pertaining to electoral reforms are an anti-dynasty provision, a party-list provision, equal media time, and absentee voting.

Military Says Fighters Aiding Abu Sayyaf Group

BK3006094194 Manila THE MANILA CHRONICLE in English 28 Jun 94 pp 1, 2

[Excerpt] Zamboanga City—The Moro National Liberation Front (MNLF) should tackle a leadership crisis in its ranks or risk its men defecting to extremist rebels who are holding a Catholic priest, military authorities here said yesterday.

Southern Command spokesperson Maj. Pedro Soria said an undisclosed number of fighters loyal to the MNLF have joined the Abu Sayyaf group in trying to repel a three-week government assault in Basilan.

He claimed that at least 15 MNLF regulars have been wounded in the attack on the Abu Sayyaf stronghold in the forested hills of the province.

He also claimed the MNLF, the main Muslim secessionist group which signed a cease-fire agreement with the government last year, had serious leadership problems in Basilan that must be addressed.

"They should act fast or one day they will wake up to find all their followers have gone over to the kidnappers' side," he said in a statement.

The Abu Sayyaf, a Muslim extremist group notorious for its kidnap-for-ransom and bombing activities, has been holding Fr. Cirilo Nacorda in Sampinit Complex in Basilan. Nacorda was abducted more than two weeks ago.

But there were reports yesterday that the group had again eluded the military dragnet around the area and were able to slip to barangay [village] Buli-buli in Sumisip.

Defense Secretary Renato de Villa, who met with top civilian and military officials of Basilan, expressed optimism the priest was still alive.

He also ordered government troops to secure Nacorda "as soon as possible."

He said the situation in Basilan does not need purely military solutions but would involve all sectors of society to ensure that the province gets rid of criminal groups.

He stressed that military action was only the first step toward restoring stability in Basilan, allowing commerce to proceed without disruptions.

In its effort to speed up the rescue of Nacorda, the military deployed the Army's Scout Rangers, an elite group trained to operate in the jungles.

Truckloads of the special troopers arrived on board a C-130 plane and ferried by Navy boats to Basilan. They are expected to beef up military strength against the Abu Sayyaf. [passage omitted]

MNLF Reportedly Sheltering Abu Sayyaf Chief

BK3006123594 Quezon City GMA-7 Radio-Television Arts Network in Tagalog 0930 GMT 30 Jun 94

[Report by Arnold Clavio from Basilan]

[Excerpt] The head of the battalion that overran Hill 734 in Sampinit Complex is confused over the true colors of Abu Sayyaf. Major Lorenzo Dimaunahan told GMA News that the Moro National Liberation Front [MNLF] in Basilan should clarify its relationship with the Abu Sayyaf.

Barhama Sali, leader of the Abu Sayyaf group, is currently taking refuge under the auspices of Commander Abugao, head of the MNLF lost command, in Point Igas where the camp of Commander Muni, who is also an MNLF regular, is based.

[Begin Dimaunahan recording in English] Now, the latest information we have from the (?way) we intercepted it is that he is merging with the Abugao group somewhere at Point Igas. I don't know exactly where in Point Igas though Point Igas is where we isolated the MNLF. [end recording]

When GMA News went to Sampinit Complex, we met the former aide of Sali. He confirmed MNLF's acceptance of Sali's group.

[Begin recording in progress] [Unidentified Sali aide] Barhama is a former member of the MNLF. But now, his principles have changed. He does not follow MNLF rules. He joined Abu Sayyaf because he knows that Abu Sayyaf's force is strong.

[Clavio] As far as you know about Barhama Sali, do you think he will kill Fr. Nacorda?

[Unidentified Sali aide] I think he will not kill the priest because Fr. Nacorda is their only hope if they are pushed to the limit by the military. [end recording]

The aide added that all the kidnappings and criminal activities perpetrated by Sali had been relayed beforehand to an MNLF commander identified as a certain Talip Congo. Sali was a former MNLF member before he joined the Abu Sayyaf group.

The MNLF leaders in Basilan had earlier supported the continuing military operation against the Abu Sayyaf. Their desire to have peace in the region should not be doubted.

In this regard, Maj. Dimaunahan signified that one of the obstacles in totally eradicating the Abu Sayyaf

problem is due to MNLF's influence. He added that the Abu Sayyaf group may be collaborating with some political leaders in Basilan.

Meanwhile, with the major destruction of Sampinit Complex by the military, there is a big possibility that the Abu Sayyaf's capability to terrorize Basilan is gone. [passage omitted]

Thailand

Reportage on U.S. Official's Visa Ban

Government Urged To Refuse Visa

BK2906131294 Bangkok Thai Color Television Channel 9 in Thai 1200 GMT 29 Jun 94

[Text] The House Foreign Affairs Commission has proposed that the government refuse to issue a visa to the former ambassador who wrote an article attacking the government on the Cambodian issue. Commission spokesman Sutham Saengprathum said the Commission meeting discussed the article by former U.S. Ambassador Morton Abramowitz, which was published in THE WASHINGTON POST and other papers, alleging that Thai soldiers supplied arms and food to the Khmer Rouge and used the Khmer Rouge as a buffer against Vietnam. The article also asked various countries to pressure the Thai leadership and military to stop supporting the Khmer Rouge. Sutham said the article amounted to an insult against Thailand. The Commission proposed that the Foreign Ministry and the government declare Morton Abramowitz persona non grata and take legal action against him if possible.

Further on Recommendation

BK3006045594 Bangkok THE NATION in English 30 Jun 94 pp A1, A4

[Text] The House foreign committee has asked the government to bar former U.S. ambassador to Thailand Morton Abramowitz from the country for his allegations about Thailand's ties with the Khmer Rouge and his comments considered offensive to the Thai monarch.

Panel chairman Krasae Chanawong accused the former U.S. envoy of insulting His Majesty the King in a WASHINGTON POST article. He likened the article to a "slap in the face" to the Thai people and the government.

Abramowitz, who left Thailand more than 10 years ago, used his diplomatic experience to damage Thailand's reputation in the eyes of the international community, Krasae said.

Prime Minister Chuan Likphai said last night he had yet to study the content of Abramowitz's allegations. But he added: "Declaring somebody persona non grata can be done to anybody who distorted or insulted the monarch."

Committee spokesman Sutham Saengprathum said the House panel will urge the Foreign Ministry to defend the nation's image and protect the monarchy, which was held in great respect. "No one is entitled to criticize the Thai monarchy," he said.

Morton Abramowitz served as U.S. ambassador from 1978 to 1981. His article, which pricked Thai sensitivities, was printed in the WASHINGTON POST on May 29.

Sutham said the article contained "groundless allegations" against Thailand and comments which bordered on insults against the Thai monarch. He called on the Foreign Ministry to declare Abramowitz persona non grata, barring him entry to the country, and to take legal measures against him.

He said Abramowitz was president of the Carnegie Endowment for International Peace and was in a position to wreak greater havoc on Thailand's reputation.

The panel found one point in Abramowitz's article particularly offensive. It read: "The only tools remaining are moral and diplomatic persuasion—continually reminding the Thais that they are undermining a neighbour and the costly work of the world community. Bangkok will resist having the issue raised, but doing so multilaterally can put greater pressure on the military and perhaps induce Thailand's top figures, including its respected monarch, to weigh in".

He said Abramowitz failed to differentiate between the Thai monarch and U.S. President Bill Clinton, who is always under pressure or persuasion from outsiders.

Opposition MP Praphat Limpraphan (Chat Phatthana-Sukhothai), a former deputy foreign minister, described Abramowitz's article as "improper and undiplomatic".

It was cleverly written "and with shrewd subtlety apparently without apparent regard to the reputation of Thailand. Given the fact that he was a former diplomat to Thailand does not help."

Abramowitz said in his article: "...The Thai military provides the Khmer Rouge goods and, reportedly, arms and gives their (Khmer Rouge's) leadership sanctuary."

His article continued: "...Thai military and its civilian supporters dominate foreign policy, particularly toward Cambodia and other nearby states of Myanmar (Burma), Laos and Vietnam."

The cross-border-gem and timber transactions between Thailand and Cambodia were murky but highly profitable for both sides—as much as \$20 million per month.

Abramowitz claimed the government had not controlled the military's involvement with the Khmer Rouge, which was a violation of Cambodia's sovereignty.

Meanwhile, Foreign Ministry spokesman Suwit Simasakun said although the call for persona non grata

status for Abramowitz was a parliamentary affair, it was reflective of widespread discontent in various circles over Abramowitz's accusation.

It was up to the government to decide whether to heed the call.

Asked why Thailand took Abramowitz's article so seriously when similar accusations had been made many times before, the spokesman said Thailand considered his article most disturbing.

Prasong's Courage Questioned

BK3006121794 Bangkok KRUNGTHEP THURAKIT in Thai 30 Jun 94 p 2

[Article by Cho Ko: "A Test of Courage for the CIA Man of Thailand"]

[Excerpts] No one can really deny that there has not been any aid from Thailand to the Khmer Rouge, either on a government-to-government basis or in the transportation of weapons and equipment through the Thai border, during the 13-year civil war in Cambodia between Hun Sen and other Khmer factions.

For this reason, former U.S. Ambassador to Thailand Morton Abramowitz's article on Thai support for the Khmer Rouge published by WASHINGTON POST was not totally wrong. However, his piece is based on information he collected when he was the U.S. ambassador to Thailand (1978-1981) during the governments of Prime Minister General Kriangsak Chamanan and General Prem Tinsulanon.

Phondet Worachat, director of the Press Division of the Foreign Ministry, said: Morton's article published in the 29 June WASHINGTON POST issue is based on "the out-of-date impression of ties between past Thai governments and the Khmer Rouge. The Thai Government has repeatedly reaffirmed that it has never supported the Khmer Rouge."

In his report submitted to the House Commission for Foreign Affairs yesterday, Wong Phonnikon, former foreign minister and adviser to the commission, said the problem with Morton is not only a matter of inaccurate information. An article written by the ambassador-level author who is now president of the U.S. Carnegie Endowment for International Peace can surely damage Thailand's image and prestige internationally. [Passage omitted]

The article says: all countries should resort to diplomatic and ethical means to pressure the Thai military and persuade public figures including the king to stop giving assistance to the Khmer Rouge.

Such a statement is serious enough to justify the decision by the House Commission for Foreign Affairs to declare Morton persona non grata.

Morton will be the first high-level U.S. official who will not be allowed to enter the country, while many politicians have reportedly received the same treatment from the U.S. Government.

However, the order declaring Morton persona non grata must first receive the green light of Foreign Minister Squadron Leader Prasong Sunsiri.

It is interesting to watch what decision the former CIA man, Prasong Sunsiri, will make since he has maintained very close ties with the United States. [Passage omitted]

Cambodian Foreign Minister Prince Norodom Sirivut called earlier on the Thai prime minister to reaffirm Thailand's support for the Cambodian Government because he believed the Thai military still backs the Khmer Rouge.

Unfortunately, the attempt to convince the world about Thailand's policy of non-support for the Khmer Rouge seems to have failed.

To declare the former U.S. ambassador to Thailand persona non grata will not totally disprove the accusation against Thailand. However, this drastic action may trigger the world community to review the whole matter.

The problem now is "courage" on the part of Prasong Sunsiri, who is only good at making enemies. Does he have enough courage to comply with the recommendation of the House commission?

Prasong Views Possible Action

BK3006101294 Bangkok Radio Thailand Network in Thai 0530 GMT 30 Jun 94

[Text] Regarding an article written by a former U.S. ambassador to Thailand published in the WASHINGTON POST and the House Foreign Affairs Commission's urging the Thai Government and the Ministry of Foreign Affairs to retaliate against the former U.S. envoy for his action, Squadron Leader Prasong Sunsiri, minister of foreign affairs, made the following statement.

He said that the Foreign Ministry's Information Department has given the U.S. a clarification of the matter. At the same time, the Thai ambassador to the United States has also been instructed to give an explanation of the matter to those involved.

[Begin recording] [Prasong] In fact, as we all know, the Ministry of Foreign Affairs has instructed the Information Department to impose retaliatory measures and clarify the facts concerning this matter to U.S. officials. At the same time, our ambassador to the United States has also been told to explain the issue to U.S. authorities. Action has been taken.

Regarding a publicized proposal by the House Commission on Foreign Affairs requesting the Ministry of Foreign Affairs to refuse the entry of the former U.S. ambassador into Thailand, the commission has the right to express its opinion. Once the proposal is received, the

Foreign Ministry will consider it very carefully. We will have to be very cautious because the surrounding factors and any possible repercussions have to be taken into account.

[Reporter] How is it possible to deny an entry visa to a U.S. diplomat?

[Prasong] After receiving the request from the commission, I think we have to look into it most carefully.

[Reporter] Has the government or ministry issued an order regarding this case?

[Prasong] The Foreign Ministry has authority to prohibit a person entering the country or to order someone to go out of the country. I would like to note that the Foreign Ministry will carefully handle the issue in a way that will contribute to the benefit of the public—the government and our country. [End recording]

Official: Committee To Review U.S. Treaty

BK3006050594 Bangkok BANGKOK POST in English 30 Jun 94 p 20

[Text] The International Economic Relations Committee will consider tomorrow whether the 1966 Treaty of Amity between Thailand and the United States needs to be amended, according to Commerce deputy permanent secretary Karun Kittisathaphon.

The committee, chaired by Deputy Prime Minister Suphachai Phanitchapak, will consider a Foreign Affairs Ministry proposal to retain the treaty without any amendment. Privileges granted to the U.S. by Thailand under this treaty will be eliminated in 10 years.

The committee will make suggestions to the Cabinet.

Under the treaty, Thailand allows U.S. citizens to operate in the service sector, giving them the same privileges as Thai citizens. The agreement has drawn criticism from other developed countries such as Australia and Japan which want similar privileges.

The Commerce Ministry's view of the treaty differs from that of the Foreign Ministry. The Commerce Ministry believes the treaty runs counter to the General Agreement on Tariffs and Trade because it is selective.

Mr Karun said yesterday the treaty had applied for 28 years and did not fit in with today's situation. Because both countries were GATT members all business related to trade of goods or services should be treated the same way.

DPRK Embassy Letter Views Talks With U.S.

BK3006081694 Bangkok THE NATION in English 30 Jun 94 p A6

[From the "Letters" column]

[Text] N. Korea-US talks—The international political developments over the nuclear issue on the Korean peninsula shows that to resolve the crisis through dialogues and negotiations in a peaceful way is the most suitable method.

It is due to the United States and some countries following the former's lead which is trying to resolve the issue by a show of strength, that the nuclear issue assumed complexity and was brought to a brink of a probable war.

In order to use the nuclear issue for their political aim of isolating and strangling the Democratic Peoples' Republic of Korea (DPRK), they passed the so-called resolution on "special inspection" last February, at the Board of Governors' meeting of the International Atomic Energy Agency (IAEA). This is in violation of the DPRK's sovereignty and has imposed unwarranted pressure on us. The result is that we had to withdraw from the Nuclear Non-Proliferation Treaty (NPT).

Last June, they adopted a "resolution suspending the IAEA's assistance to the DPRK", thereby pushing the DPRK out of bounds of the IAEA.

All these facts show that the nuclear issue can by no means be solved by a show of strength, and the longer they cling to this method, the more complicated the situation will become.

The successful resolution of the nuclear issue on the Korean peninsula is entirely up to approach taken by the United States.

If the United States takes on an attitude of really solving the nuclear issue, this problem will not be as complicated an issue as it is today.

Complications can be overcome by the DPRK-USA talks as was evidenced last year.

Last June, the United States accepted the DPRK's demand for holding the DPRK-USA high-level talks for resolving the nuclear issue, thus opening the talks. And in accordance with the bilateral agreement, the DPRK has taken a measure of temporarily suspending its declared withdrawal from the NPT. The successful conclusion of the New York working-level meeting on February 25 this year allowed IAEA inspections in March and April.

When the US and other forces allied to it were contemplating sanctions against the DPRK by using the arena of the United Nations, former US President Jimmy Carter visited Pyongyang with a peaceful proposal. Through dialogues and negotiations, he has thus opened another prospect for peacefully solving the nuclear issue.

In fact, if the United States had responded to the DPRK's proposal of peacefully resolving the nuclear issue on the Korean peninsula, this problem would have long been solved.

For this reason, the US should get rid of its outmoded notions from the Cold War era and desist from sanctions with the intention of isolating and stifling the DPRK. The Americans instead should be sincere in the long-awaited DPRK-USA talks. [Signed] Pang Song Hae
Second Secretary
Embassy of the Democratic
People's Republic of Korea

Editorial Backs Principle on DPRK Issue

BK3006092994 Bangkok KRUNGTHEP THURAKIT in Thai 30 Jun 94 p 2

[Editorial: "Thailand Must Uphold Principle"]

[Text] The unexpected agreement reached in principle between senior South and North Korean officials on 28 June to hold a summit meeting between their leaders from 25 to 27 July is good news that will relax tensions.

It is welcome news that will help relax the considerable tension between North Korea on one side and South Korea and the United States together on the other. The United Nations, urged on by the United States, wants to impose sanctions against North Korea for its refusal to allow International Atomic Energy Agency officials to inspect the changing of fuel rods at its nuclear power plant. It is believed that North Korea's refusal stems from the possibility that it is secretly producing nuclear weapons or gathering plutonium from the power plant. North Korea would not have adamantly refused the inspection if this was not the case.

In any event, North Korea is merely suspected of such nuclear activities; there is no proof. If it is true that North Korea is producing plutonium for nuclear weapons, it would be very risky for the world to allow it to continue. It would be a violation of the principles enshrined in the Nuclear Nonproliferation Treaty [NPT], which the United Nations and the world community observe to prevent nuclear weapons proliferation.

The refusal of the United States and other Western countries to allow North Korea to possess nuclear weapons is a matter of serious principle. It is not wrong, therefore, for the U.S. leader to insist on the principle that there must be an inspection of the North Korean facilities regardless of the consequences. By refusing to comply with the inspection, North Korea risks some degree of trade sanctions as proposed by the United States.

We support the U.S. leader in refusing to allow the uncontrolled production of nuclear weapons. The controls are part of international law and must be enforced. In fact, a lack of enforcement would only encourage other countries to follow North Korea's example.

By demonstrating an aggressive attitude and saying that a boycott would be tantamount to a declaration of war, North Korea makes itself look very suspicious.

Former U.S. President Jimmy Carter's meeting with the North Korean leader served to calm the situation, which was approaching a boiling point. It transformed the tension into dialogue between the two Koreas toward unification. It was eventually agreed that the two Korean leaders will hold their first summit since the partition of their country. It is a good sign that the summit will not only discuss reunification but also inspections to clarify suspicions about North Korea's collection of plutonium for nuclear arms production.

As a member of the NPT, Thailand must adhere to international principle. If North Korea persists in refusing to allow inspection, Thailand must support a boycott. Cooperating with the boycott would not mean we are accepting the arguments that South Korea presented to our prime minister. We would merely be upholding the principle, because we also do not want to see a nuclear threat.

Group of 300 Hmong Refugees Return to Laos

*BK3006045994 Bangkok BANGKOK POST in English
30 Jun 94 p 7*

[By Piyachat Praduprat]

[Text] Ban Napho, Nakhon Phanom—About 300 Hmongs made a tearful departure yesterday at the start of a journey back to Laos supported by the United Nations High Commissioner for Refugees [UNHCR].

But camp officials said the group departure was normal and that no one had been forced to join the repatriation.

"We do not force them to get on the bus," said camp administrator Narawut Chanthong. "The people volunteered to return and the Laotian Government has agreed to accept them."

The hilltribe people boarded buses that headed for Chiang Rai where there were to cross the border into Laos. The group's destination in Laos is the northern province of Xiengkhouang.

Six buses were provided for the journey organised by the Interior Minister and the UNHCR.

According to an official statement, each person who returns will receive financial aid from the UNHCR amounting to 3,000 baht, of which 2,000 baht is given on the Thai side of the border.

Laos would give each family 15 rai (two hectares) of land. Laos and Thailand would provide agricultural implements, seeds and about three sacks of rice to eat, the statement said.

The latest departure brought the camp population down to 11,818. About 1,500 returned to Laos under repatriations in the first five months this year officials noted.

Official Discusses Blacklist for Trade Violators

*BK3006052794 Bangkok BANGKOK POST in English
30 Jun 94 p 21*

[Text] The Customs Department will publish a blacklist of businesses that fail to abide by international trade laws as part of Thailand's obligation under the General Agreement on Tariffs and Trade (GATT), department director-general Suphachai Phisitwanit says.

The Government will also list the names of outstanding traders who play by the rules, he said yesterday.

As a member of GATT, Thailand must abide by the agreement's obligations, which include import tariff cuts, the application of certificates of origin and GATT valuation.

Scheduled to be implemented next year (or in five years by some member countries that need more time to develop systems), GATT valuation will facilitate international trade, he said. Much time will be needed in investigating, analyzing, evaluating and calculating the prices importers declare for their goods, he added.

Under the new system, international traders will declare prices of their imports as predetermined by GATT and accepted by the Customs Department.

In the event such prices are not accepted by the department, GATT directives require calculations based on actual trade prices of comparable products.

The department, therefore, will draft two lists—one for outstanding traders and the other for suspect ones, to distinguish those who have always traded honestly and those who used to declare undervalued prices, he said.

The department will educate and train their personnel on intelligence matters and coordinate with related domestic and international agencies to analyze news on tariffs off imports.

Besides, the Customs Department will revamp and reduce its processing procedure, Mr Suphachai said. A working group has been appointed to study downsizing the department and boosting its efficiency.

For more flexibility, tariff collection work, protection and suppression work, and exports promotion work are to be separated from the central administration.

The revamp will take place from this July to December and will take effect by September 1995.

As for the 900-million-baht plan to computerise the department's works on protocols, tariff collection, goods release, exports promotion, prevention and suppression and information, Mr Suphachai said that the department was in the process of procuring computers from the eligible seven suppliers.

Its office at Don Muang Airport will be automated by April 1996 while that at the Bangkok Port will be equipped with computers in October of the same year.

Following the computerisation of its works, the department plans to apply the so-called electronic data interchange (EDI), which will link data at the department with several related agencies, including importers, exporters, shipping companies, Thai Airways International, commercial banks, the Port Authority of Thailand and other licence issuers.

The EDI project will be proposed to the National Information Technology Committee in July. It will likely take shape as a new company call Trade Siam, with 49 percent of its shares held by the Government and the state enterprises.

After adopting the EDI, the shipping system may be the next target for modernisation. Shipping companies ought to be equipped with updated communication systems and those large enough should be linked to the EDI, he concluded.

Bank, Trade Officials Comment on Stronger Baht

BK3006052994 Bangkok THE NATION in English 30 Jun 94 p 19

[Text] The baht was yesterday at its strongest against the dollar for several years and may break the 25-baht barrier if the dollar keeps depreciating against the yen and the mark, according to Bangkok Bank's vice-president for finance and marketing.

Mr Arun Chirachawala said that amid the volatility in the financial market as a result of a stronger yen, the baht was 25.04 baht a dollar yesterday, and the trend is likely to continue.

However, the baht's gain in strength should not prompt the Bank of Thailand to devalue the currency because the phenomenon is externally driven.

Mr Arun gave an assurance that the country's economy remains strong, with rapid expansion in trade and exports.

During the first half of this year, export volume expanded at a more rapid pace than imports. The current account deficit is neither too high nor alarming, he said.

As a rule, the decision to adjust the country's monetary system should stem from long-term economic factors such as whether the Thai economy will remain competitive globally and how high inflation is, he said.

In the event that inflation exceeds economic growth, the central bank might opt to intervene and adjust the basket of currencies, he said.

"Liquidity is still high at the moment, which reflects exactly the reverse of the strengthening currency. Inter-bank interest rates dropped from 15-16 percent early this week to a mere 8 percent," Mr Arun said.

"The Bank of Thailand might have already intervened in the market by injecting money through the repurchase (RP) market, resulting in decreasing rates and increasing liquidity at last," he said.

Mr Sorot Sakonwitsawa, Bank of Athutthya's financial manager, expressed a different view.

He was concerned about the stronger baht and said it was high time the Bank of Thailand intervened before the currency breaks the 24-baht barrier against the dollar and affects Thai trade.

Added to higher inflation, a stronger baht will result in higher production costs and reduced competitiveness of the country's exports.

Mr Sorot believes that the central bank is now watching closely to determine the right time to intervene, as nobody can predict how long the financial market will remain volatile.

"The central bank ought to intervene now. To wait any longer may adversely affect the overall economy in the long run, particularly the trade deficit and the current account deficit.

"In case of intervention, the central bank is likely to be discreet, as the move might create havoc and dollar speculation in the financial market," he said.

Meanwhile, Board of Trade executive director Prayun Thaloengsi said he believed the Bank of Thailand would see to it that the baht exchange rate was not so strong as to harm exports.

"The baht, although it is stronger against other currencies including the U.S. dollar, is still under the control of the central bank," he said.

He said that at the moment, the parties concerned should follow the foreign exchange rate situation until the U.S. and Japan can settle their trade differences.

Separatists Killed in 'Fierce' Fight With Army

BK3006045694 Bangkok THE NATION in English 30 Jun 94 p A5

[Text] Two southern separatists were killed yesterday in a fierce clash with Army rangers in Si Sakhom district of Narathiwat province, police said.

The fighting broke out when a military patrol encountered a group of seven to 10 separatists of the Barisan Revolusi Nasional (BRN), or National Revolutionary Front.

One of the dead was identified only as Koheng while the other remained unidentified. Some of the guerrillas who got away were also injured, police said.

The Army patrol also found two M16 assault rifles and ammunition after the fight.

Deputy Fourth Army Commander. Maj Gen Somchet Chutinan said the skirmish broke out after the Army sent a patrol to look into reports that the armed separatists would be in the vicinity.

Somchet said he had also sent patrols into areas where the guerrilla fighters are known to be active in the provinces of Narathiwat and Yala in order to increase the pressure on them.

He said the separatists usually became more active in August.

Vietnam

Russian Ambassador Discusses Vo Van Kiet Visit

*BK2906151694 Hanoi VNA in English 1431 GMT
29 Jun 94*

[Text] Hanoi VNA June 29—Russian Ambassador to Vietnam Igor Novikov [name and title as received] held a regular press conference here today.

He informed press men of the result of Prime Minister Vo Van Kiet's current Russia visit during which he said Vietnam and Russia signed a treaty on development of equal and mutually beneficial cooperation and agreements on investment promotion and protection, on cooperation in fishery, agriculture and industry between the two countries. Bilateral cooperation in the fields of oil and gas, coal and electricity is of great potential to develop.

The ambassador stressed that cooperation with Vietnam is a strategy of the Russian Federation, and that the freshly-concluded Russia visit by Prime Minister Vo Van Kiet is valuable not only for today but also for tomorrow.

Radio Reviews Economic Cooperation With Russia

*BK3006160194 Hanoi Voice of Vietnam in English
1000 GMT 30 Jun 94*

[Text] Russian Charge d'Affaires Ad Interim Igor Novikov [title and name as heard] expressed at a press conference in Hanoi on Wednesday that cooperation with Vietnam is a strategy of the Russian Federation. On this issue, our radio has this to say:

The friendship and cooperative ties between Vietnam and Russia are traditional and long-term. However, when the Soviet Union was disintegrated, these cooperative relations between Vietnam and the republics of the former Soviet Union, including Russia, have changed. Many Vietnamese economic units met with difficulties when they lost their markets in the former Soviet Union. However, Vietnam has quickly reestablished its traditions with many republics of the former Soviet Union. High-level delegations have been exchanged to promote the relations between Vietnam and Russia and other countries in the Commonwealth of Independent States

[CIS]. Worthy of note is the visits to Russia, Ukraine, and Kazakhstan by Vietnamese Prime Minister Vo Van Kiet, which mark a new step of development of bilateral relations.

Mr. Igor Novikov told the pressmen that during Prime Minister Vo Van Kiet's visit to Russia, the two sides signed a treaty on development of equal and mutually beneficial cooperation and an agreement on investment promotion and protection, and on cooperation in fisheries, agriculture, and industry between the two countries.

Bilateral cooperation in the fields of oil and gas, coal and electricity has great potentials to develop. The Vietsovpetro, a joint venture between Vietnam and Russia, has explored and effectively exploited oil from Bach Ho oil field, offshore southern Vietnam. This joint venture plans to pump approximately 50 million tonnes by the end of the year. Of late, Vietnam has completed the 500-kilovolt trans-Vietnam transmission line, transmitting power from Hoa Binh hydroelectric power plant built with Russian assistance to the southern part of the country. Trade turnover between the two countries in 1992 reached 80 million U.S. dollars. In that year, Russia loaned Vietnam 40 million U.S. dollars to implement the infrastructure project. In the coming years, total turnover between the two countries is expected to increase.

Activities of Military Delegation in China Noted

*BK3006141494 Hanoi Voice of Vietnam in English
1000 GMT 30 Jun 94*

[Text] Senior Lieutenant General Yu Yongbo, head of the Political Department of the Chinese Army, held talks in Beijing on Tuesday with his Vietnamese counterpart Le Kha Phieu, who is on a visit to China.

On Wednesday, the Vietnamese military delegation was received by Mr. Chi Haotian, China's defense minister. The two sides exchanged views on further cooperation and friendship between the two countries and the two armies.

Vo Van Kiet Receives Iraqi Ambassador

*BK3006015794 Hanoi VNA in English 1434 GMT
29 Jun 94*

[Text] Hanoi VNA June 29—Prime Minister Vo Van Kiet received here yesterday Iraqi Ambassador to Vietnam M.S.H. al-Samarra'i who paid him a courtesy visit.

During the reception, Ambassador al-Samarra'i conveyed best regards from Iraqi President Saddam Husayn to Prime Minister Kiet and said that the Government and people of Iraq sincerely wish for further friendship and cooperation with Vietnam.

For his part, P.M. Kiet said that Vietnam attached importance to the consolidation and promotion of its

friendly and cooperative relations with Iraq in the interests of the two peoples, for peace, stability and development in each region and throughout the world.

P.M. Kiet asked the Iraqi ambassador to convey his best regards to President Saddam Husayn and expressed his wish that the Iraqi people overcome difficulties and gain greater achievements in their national construction.

Vientiane Delegation Talks With Hanoi Delegation

*BK3006144394 Hanoi VNA in English 1400 GMT
30 Jun 94*

[Text] Hanoi VNA June 30—A delegation of the Committee of the Lao People's Revolutionary Party (LPRP) and the People's Committee of Vientiane led by Mr. Boun-ngang Volachit, member of the LPRP Central Committee, secretary of the Vientiane party committee and mayor has been here on an official friendship visit to Hanoi lasting from June 28-July 5.

On June 29, the Lao delegation hold talks with its Hanoi counterpart led by Mr. Pham The Duyet, Politburo member of the CPV [Communist Party of Vietnam] Central Committee and secretary of the Hanoi party committee.

Host and guest informed each other of the socio-economic development in Hanoi and Vientiane in the first six months of this year and their plans for the coming period. They compared notes on their bilateral cooperation in the past and discussed measures for further cooperation in the future.

Earlier the Lao delegation had paid a floral tribute to the late President Ho Chi Minh at his mausoleum and laid a wreath at the Monument to the Heros and Martyrs in Ba Dinh Square. It also called on the Hanoi Agriculture and Forestry Service.

KPL Reports Lao Foreign Minister's Meetings

*BK2906135794 Vientiane KPL in English 0957 GMT
29 Jun 94*

[Text] Vientiane, June 29 (KPL)—Somsavat Lengsavat, minister for foreign affairs of the Lao PDR [People's Democratic Republic], who headed his delegation for Vietnam on June 26, met Vietnamese Foreign Minister Nguyen Manh Cam.

The two foreign ministers at the meeting expressed belief that the long-standing relations between Laos and Vietnam would be further improved and strengthened for the interest of both countries and for progress and prosperity.

On June 27, Somsavat Lengsavat was received in Hanoi by Prime Minister Vo Van Kiet of Vietnam.

Canada Trade Reportedly Increases 40 Percent

*BK2906154394 Hanoi VNA in English 1421 GMT
29 Jun 94*

[Text] Hanoi VNA June 29—Charge d'Affaires of the Canadian Embassy in Vietnam Mr. Christopher Brown has reviewed the positive developments of the relations between Vietnam and Canada on the occasion of Canada's national day.

Speaking at this event, Mr. Brown highlighted Deputy Prime Minister Phan Van Khai's visit to Canada last week and the closer ties between the two countries.

On the commercial side, interaction has also increased markedly. According to Mr Brown, trade between Canada and Vietnam over the past year, increased more than 40 per cent, and Canadian investment is also growing quickly. Business between the two countries focuses on the areas of telecommunications, transportation, energy, and engineering.

Following the success of Deputy Phan Van Khai's visit to Canada, the development aid programme will continue being expanded focussing on technical assistance mainly in economic and administrative renovation and encouraging wider ranging and deeper cooperation in education, legal training, and environmental conservation.

The charge d'affaires also expressed his hope that those relations would continue developing positively in the future.

Vo Van Kiet Chairs Monthly Government Meeting

*BK3006144094 Hanoi VNA in English 1407 GMT
30 Jun 94*

[Text] Hanoi VNA June 30—The government met in a monthly session here on June 29-30 to review the implementation of its resolution on administrative procedure reform and the restoration of order and disciplines in state management, and discuss a number of socio-economic issues in the second half of 1994.

The session, which was chaired by Prime Minister Vo Van Kiet, agreed to revise, simplify or revoke a number of regulations and procedures which are unsuitable to continue to apply in some fields, branches and localities.

The government heard a report by Minister of Finance Ho Te on the situation of state budget in the first half of 1994, and measures to implement the state budget in the second half. It also heard a report by Cabinet minister and Chairman of the State Planning Committee Do Quoc Sam on investment capital for infrastructure construction in 1994.

Addressing the session, Prime Minister Kiet said that there must be a considerable change in the reform of administrative procedures and some kinds of charges and fees to reduce complications for organizations and

people concerned. All branches and localities must work out strict and flexible measures to balance their budget, increase revenues, ensure the economic growth rate and control inflation in order to fulfill the socio-economic tasks in 1994, he stressed.

Government Discusses Measures Against Corruption

BK3006100694 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 29 Jun 94

[Text] In Hanoi on 28 June, National Assembly Chairman Nong Duc Manh and Prime Minister Vo Van Kiet chaired the government's regular meeting to discuss measures against corruption and smuggling. The discussion was conducted on the basis of the mechanism of coordination between state agencies to guide the implementation of the National Assembly resolution on practicing thrift, opposing waste, and suppressing corruption and smuggling.

Attending the meeting were Phung Van Tuu, vice chairman of the National Assembly; Pham Hung, chief judge of the Supreme People's Court; Le Quang Dao, chief procurator of the Supreme People's Organ of Control; members of the National Assembly Standing Committee, and representatives from ministries, sectors, and agencies concerned.

The meeting heard representatives of the Supreme People's Organ of Control and Ba Ria-Vung Tau people's

committee report on the situation of land management and land use in the province.

On the basis of the meeting's viewpoints and requirements for serious implementation of the National Assembly resolution on opposing corruption and smuggling, the National Assembly Chairman and the Prime Minister requested the Supreme People's Organ of Control and agencies concerned to continue to investigate various cases of violation and make a proposal on measures to deal with violations to the management of land and housing so as to ensure serious and effective enforcement of the state laws.

Rice Exports Said Up in First Half of 1994

BK3006133094 Hanoi Voice of Vietnam in English 1000 GMT 30 Jun 94

[Text] Food companies nationwide exported more than 821,000 tonnes of rice in the first six months, up 5.2 percent over the same period last year. With advanced farming techniques, the export of quality rice in the past few years has improved. Apart from traditional market, Vietnam has exported rice to new outlets, including Britain, Switzerland, Germany, and America. It has also directly sold rice to the Middle East and Africa without brokers.

Vietnam has now emerged as the world's third largest rice exporter after Thailand and the United States.

Australia

Burma Seen as 'Major Foreign Policy Dilemma'

BK2906121394 Melbourne Radio Australia in English
0630 GMT 29 Jun 94

[From the "International Report" program]

[Text] Thailand is facing a storm of protest after extending an invitation to Burma to this year's Association of Southeast Asian Nations foreign ministers meeting. The meeting is scheduled to be held in Bangkok late this month. It's the first time Burma will attend an ASEAN meeting and is a major boost to the military regime's regional acceptance and legitimacy. Critics are condemning the move and demand that if Rangoon is going to attend then Burmese opposition groups and exiled elected politicians should also be invited. But as Evan Williams reports, Burma's growing regional ties and new open-market reforms are also creating a major foreign policy dilemma for Australia:

[Begin recording] [Williams] Burma is one of Australia's toughest foreign policy questions. Canberra's preferred option of sanction and isolation failed to gain international support, as the regime is propped up by neighbors like Thailand and China. But the junta's free-market reforms are attracting a foreign investment surge not only from Asia but also the United States and Britain, two of Burma's most vocal critics. Australia refuses to encourage or discourage trade, but some Burmese opposition leaders say with the military still so firmly in control business and foreign investment may be the only way to bring about real human rights and political reforms.

[U Ye Tun] I think most political opposition who are realistic of the situation that [words indistinct] now, I think most opposition would like to see that many investors come from the Western areas, especially from United States, Australia, England, and France.

[Williams] A vocal opposition figure for many years, U Ye Tun was twice jailed by the military. He says business is coming into Burma anyway and the presence of Western investors is the only way to create real change from the inside:

[Tun] Because the open-market economy and democracy go hand in hand, and I feel that the more investors come—the genuine investors come—the more we can establish democratic institutions.

[Williams] For most opposition groups that's far too long-term. They don't agree and want the regime totally isolated. But with the lure of resources, newly exchangeable under free-market reforms, that's not going to happen. Some Australian officials privately admit Canberra must now deal with two new aspects—protecting Australia's long-term interests in a potentially important economic Asian partner, and a more effective way of seeking real human rights reforms. Business ties may

give Australia more leverage in Rangoon. Australian Ambassador Stewart Hume says Burma's economy is improving, and growing foreign investment could increase pressure on the regime to take more notice of international calls for human rights improvements:

[Hume] One of the things that we can be doing is trying to engage the administration of this country in a greater dialogue and a greater preparedness to talk about social concerns that we and other Western governments share about the situation here. And I think that process will come through the increased integration that is occurring, not only in terms of business involvement in Burma—not only by Australia, but by other countries in the region—which generally ignite the liberalizing process that comes with the economic development and an economic invasion, but also in terms of the increasing range of political contacts that are occurring between Burma and its regional partners, in particular ASEAN.

[Williams] So far ASEAN has won little in return for Burma's guest presence at this year's meeting, and Thailand is again accused of damaging its own and ASEAN's image by inviting a military regime refusing to recognize the people's will for an elected government. [end recording]

Paper Views Cost of Implementing Climate Pact

BK3006115494 Sydney THE AUSTRALIAN
FINANCIAL REVIEW in English 20 Jun 94 p 18

[Editorial: "Climate Policy Hits Reality"]

[Text] The pious statements repeatedly uttered by the Australian Government on the subject of greenhouse gas emissions are coming back to haunt it. The detail of the UN Framework Convention on Climate Change has yet to be negotiated. However, the Clinton White House has signalled a much tougher stand. The US has declared the current international commitments on greenhouse gas reduction to be "inadequate".

Australia, which was sheltering comfortably behind President Bush's unwillingness to make a strong commitment to greenhouse gas reduction, now faces the possibility of serious economic damage.

The Australian economy is energy intensive. Coal is our largest export and the fuel for 70 per cent of electricity generated. Australia also produces a significant share of the world's aluminium.

Australia's mistake has been to adopt an "interim planning target" of a 20 per cent reduction of carbon dioxide emission levels below 1988 levels by 2005.

While this target is subject to the caveat that there must be no significant economic cost to Australia, it is the target rather than the caveat that has been accepted as Australia's position.

In fact it now seems that any significant reduction in the level of emission of greenhouse gases will impose very significant costs on Australia.

According to the Australian Bureau of Agricultural and Resource Economics, the cost of just meeting the proposed "stabilisation" target of 1990 levels of emissions by the year 2000 would be about \$9 billion [Australian dollars] a year.

The likely cost of meeting the Government's interim planning target is claimed by the Business Council of Australia to be more than \$40 billion.

Australia would be disadvantaged in a number of ways. The demand for its energy (and energy-based) exports would be reduced as other industrialised countries imposed carbon taxes and other measures. At the same time, Australia would lose business to developing nations that are not constrained by the treaty as it was forced to impose its own restrictions on emissions.

It has been suggested that Australia should seek to strike a "Cairns Group" style of alliance with other countries that will be adversely affected by any move to substantially reduce greenhouse gas emissions.

However, it seems that Australia is rather isolated. There are few countries that stand to lose as much from a toughening of the commitments under the Climate Change Convention.

Australia must make what may appear to some of its negotiating partners and environmentalists as a change in direction.

Instead of emphasising the interim planning target, Australia must emphasise the potential cost to its economy.

It must clearly signal that it will need the special consideration promised under the convention for countries "with economies that are vulnerable to the adverse effects of the implementation of measures to respond to climate change".

It must seek to make the provision in the convention for "burden sharing" a more important issue in the negotiations.

Moreover, it must be a loud voice for caution in dealing with the greenhouse issue.

There is as yet too little information on the likely extent of the problem for governments to commit themselves to hugely expensive measures.

A great deal more has to be spent on research to establish both the likely extent and the effect of global warming.

In the meantime, policies to deal with the potential impact of greenhouse gas emissions should be mainly of the "no regrets" variety. That is, they should be directed at changes that are worthwhile regardless of the extent of the warming.

For example, in Australia a more competitive, national market for electricity should eventually lead to reduced greenhouse gas emissions.

That's because the most cost-efficient patterns of production are also likely to produce the least carbon dioxide.

National competition should lead to increased use of gas-fired generators, which are cleaner than coal-fired generators, use of Tasmanian hydro-electricity stations instead of high-cost peak-load plant in the mainland States, and increased use of black coal rather than the dirtier brown coal for base-load power.

Competition from co-generation would further reduce costs and carbon dioxide emissions. That is partly because the co-generation plants use fuel that has to be burnt anyway, and partly because most co-generation plants in Australia are gas-fired.

Environmentalists may be bitterly disappointed, but the Australian Government's policy on greenhouse gas emissions must take account of Australia's particular economic reality.

New Zealand

Finance Minister Reports Budget Surplus

BK3006100794 Hong Kong AFP in English 0752 GMT 30 Jun 94

[Text] Wellington, June 30 (AFP)—New Zealand has notched up a budget surplus of 527 million New Zealand dollars (311 million US) for the financial year just ending. Finance Minister Bill Birch told parliament Thursday.

It was the first time since 1978 that the government had been in surplus.

Birch said the surpluses would be used to reduce government debt and, by 1996, would allow tax cuts.

He said the projected surplus for the financial year beginning July 1 would be 730 million dollars, 2.4 billion dollars in 1995-96 and 4.53 billion dollars in 1996-97.

The announcement of the widely-tipped surplus was the major feature of an otherwise low key budget in which Birch said the government planned to continue "building on the gains."

